



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

AGENDA – REGULAR MEETING

Date: December 16, 2009

Time: Closed Session 6:15 p.m.
Regular Meeting 7:00 p.m.

For information regarding this Agenda please contact:

Randi Johl, City Clerk
Telephone: (209) 333-6702

6:55 p.m. Invocation/Call to Civic Responsibility. Invocations may be offered by any of the various religious and non-religious organizations within and around the City of Lodi. Invocations are voluntary offerings of private citizens, to and for the benefit of the Council. The views or beliefs expressed by the Invocation Speaker have not been previously reviewed or approved by the Council, and the Council does not endorse the beliefs or views of any speaker.

NOTE: All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk, located at 221 W. Pine Street, Lodi, and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 24 hours prior to the meeting date.

C-1 Call to Order / Roll Call

C-2 Announcement of Closed Session

- a) Threatened Litigation: Government Code §54956.9(b); One Application; Workers Compensation Claim by Patricia Novinger against City of Lodi (DOI: 11/05/98)
- b) Conference with Dean Gualco, Human Resources Manager (Labor Negotiator), Regarding Lodi City Mid-Management Association Pursuant to Government Code §54957.6

C-3 Adjourn to Closed Session

NOTE: THE FOLLOWING ITEMS WILL COMMENCE NO SOONER THAN 7:00 P.M.

C-4 Return to Open Session / Disclosure of Action

A. Call to Order / Roll call

B. Pledge of Allegiance

C. Presentations

- C-1 Awards – None
- C-2 Proclamations – None
- C-3 Presentations – None

D. Consent Calendar (Reading; Comments by the Public; Council Action)

- D-1 Receive Register of Claims in the Amount of \$1,244,762.34 (FIN)
- D-2 Approve Minutes (CLK)
 - a) November 18, 2009 (Regular Meeting)
 - b) December 2, 2009 (Regular Meeting)
 - c) December 8, 2009 (Shirtsleeve Session)

Res. D-3 Adopt Resolution Rejecting Bids for the Inspection, Adjustment, and Maintenance Tests of Two Transformers at Henning Substation (EUD)

Res. D-4 Adopt Resolution Approving Purchase of Portable Bus/Equipment Lifts from Stertil-KONI, of Stevensville, MD (\$44,632), and Appropriating Grant Funds (\$47,000) (PW)

- D-5 Accept Improvements Under Contract for Traffic Stripes, Various City Streets, 2009 (PW)
- Res. D-6 Adopt Resolution Approving Improvement Deferral Agreement for 1820 South Cherokee Lane (PW)
- Res. D-7 Adopt Resolution Authorizing Necessary Appropriations for the Lodi Solar Rebate Program for Calendar Year 2010 (\$847,000) (EUD)
- D-8 Accept Water Meter Program Privately-Contracted Meter Installation Guide (PW)
- Res. D-9 Adopt Resolution Authorizing Specific Staff Members of York Insurance Services Group, Inc. (Formerly Bragg and Associates, Inc.) as Signers on the City of Lodi / Workers Compensation Claims Management Account (CM)

E. Comments by the Public on Non-Agenda Items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted.

Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

F. Comments by the City Council Members on Non-Agenda Items

G. Comments by the City Manager on Non-Agenda Items

H. Public Hearings

- Res. H-1 Public Hearing to Consider Resolution Approving Fare Increases for GrapeLine Fixed Route and Dial-A-Ride/VineLine Services (PW)

I. Communications

- I-1 Claims Filed Against the City of Lodi – None
- I-2 Appointments – None
- I-3 Miscellaneous
 - a) Monthly Protocol Account Report (CLK)

J. Regular Calendar

- J-1 Review of City's Annual Financial Report and Financial Statements (Fiscal Year 2008/09) as Submitted by Macias, Gini & O'Connell, LLP (CM)
- J-2 Adopt the Following Resolutions to Complete Plans, Specifications, and Bid Documents for the Mokelumne Water Treatment Plant: (PW)
 - Res. a) Resolution Awarding Professional Services Agreement to Ecologic, Inc., of Rancho Cordova, for Value Engineering Review of Surface Water Treatment Facility and Transmission Project Preliminary Design (\$50,000) and Appropriating Funds
 - Res. b) Resolution Awarding Professional Services Agreement to HDR, Inc., of Folsom, for Final Design of Surface Water Treatment Facility and Transmission Project (\$1,737,302), Appropriating Funds (\$2,000,000), and Approving Selection of Pall Membrane Systems
- Res. J-3 Authorize the City Manager to Engage Lamont Financial Services and Stone and Youngberg LLC for Professional Services Related to Financing the Mokelumne Water Treatment Plant and Adopt Resolution Declaring Intent to Reimburse Certain Expenditures from Proceeds of Indebtedness (CM)

- J-4 Receive Advisory Water and Wastewater Usage-Based Rates for the Purpose of Research and Customer Comparison (PW)
- J-5 Authorize the City Manager to Communicate with the California Energy Commission with Regard to the Removal of Condition VIS-2 Requiring a Rapid Growth Tree Landscape Buffer for the Lodi Energy Center Project (CM)
- J-6 Authorize the City Manager to Execute an Addendum to the 2007-2011 Memorandum of Understanding between the City of Lodi and the Police Officers Association of Lodi Bargaining Unit (CM)

K. Ordinances – None

L. Reorganization of the Following Agency Meetings:

- Res. L-1 Lodi Public Improvement Corporation
- Res. L-2 Industrial Development Authority
- Res. L-3 Lodi Financing Corporation
- Res. L-4 City of Lodi Redevelopment Agency

M. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Randi Johl
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Receive Register of Claims Dated November 19, 2009 in the Total Amount of \$1,244,762.34

MEETING DATE: December 16, 2009

PREPARED BY: Financial Services Manager

RECOMMENDED ACTION: Receive the attached Register of Claims for \$1,244,762.34.

BACKGROUND INFORMATION: Attached is the Register of Claims in the amount of \$1,244,762.34 dated 11/19/09. Also attached is Payroll in the amount of \$1,271,485.47.

FISCAL IMPACT: n/a

FUNDING AVAILABLE: As per attached report.

Ruby R. Paiste, Financial Services Manager

RRP/rp

Attachments

APPROVED: _____
Blair King, City Manager

Accounts Payable
Council Report

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Date - 11/30/09
Amount

As of Thursday	Fund	Name	Amount
11/19/09	00100	General Fund	509,301.64
	00160	Electric Utility Fund	20,734.04
	00161	Utility Outlay Reserve Fund	3,019.83
	00164	Public Benefits Fund	3,214.54
	00166	Solar Surcharge Fund	6,240.00
	00170	Waste Water Utility Fund	20,579.85
	00172	Waste Water Capital Reserve	123,263.71
	00180	Water Utility Fund	6,856.60
	00181	Water Utility-Capital Outlay	130,695.87
	00182	IMF Water Facilities	3,295.00
	00210	Library Fund	1,598.16
	00211	Library Capital Account	1,433.95
	00234	Local Law Enforce Block Grant	5,387.98
	00260	Internal Service/Equip Maint	10,556.68
	00270	Employee Benefits	31,633.15
	00310	Worker's Comp Insurance	9,846.00
	00321	Gas Tax	6,979.05
	00325	Measure K Funds	4,648.00
	00331	Federal - Streets	350.70
	00332	IMF(Regional) Streets	405.50
	00340	Comm Dev Special Rev Fund	3,340.18
	00345	Community Center	22,053.15
	00346	Recreation Fund	2,798.57
	00459	H U D	156.00
	01211	Capital Outlay/General Fund	57,867.75
	01218	IMF General Facilities-Adm	2,655.00
	01250	Dial-a-Ride/Transportation	186,242.84
	01410	Expendable Trust	69,524.60
Sum			1,244,678.34
	00184	Water PCE-TCE-Settlements	84.00
Sum			84.00
Total for Week			
Sum			1,244,762.34

Council Report for Payroll

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Date - 11/30/09

Payroll	Pay Per Date	Co	Name	Gross Pay
Regular	11/01/09	00100	General Fund	784,342.33
		00160	Electric Utility Fund	149,079.73
		00164	Public Benefits Fund	3,405.40
		00170	Waste Water Utility Fund	84,182.71
		00180	Water Utility Fund	128.40
		00210	Library Fund	28,586.95
		00235	LPD-Public Safety Prog AB 1913	2,226.20
		00260	Internal Service/Equip Maint	21,651.00
		00321	Gas Tax	45,169.19
		00340	Comm Dev Special Rev Fund	21,359.96
		00345	Community Center	25,708.38
		00346	Recreation Fund	50,901.64
		01250	Dial-a-Ride/Transportation	6,327.89
Pay Period Total:				
Sum				1,223,069.78
Retiree	12/31/09	00100	General Fund	48,415.69
Pay Period Total:				
Sum				48,415.69



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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Minutes
a) November 18, 2009 (Regular Meeting)
b) December 2, 2009 (Regular Meeting)
c) December 8, 2009 (Shirtsleeve Session)

MEETING DATE: December 16, 2009

PREPARED BY: City Clerk

RECOMMENDED ACTION: Approve the following minutes as prepared:
a) November 18, 2009 (Regular Meeting)
b) December 2, 2009 (Regular Meeting)
c) December 8, 2009 (Shirtsleeve Session)

BACKGROUND INFORMATION: Attached are copies of the subject minutes marked Exhibit A through C.

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Randi Johl
City Clerk

Attachments

APPROVED: _____
Blair King, City Manager

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, NOVEMBER 18, 2009**

C-1 Call to Order / Roll Call

The City Council Closed Session meeting of November 18, 2009, was called to order by Mayor Hansen at 6:00 p.m.

Present: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Absent: None

Also Present: City Manager King, City Attorney Schwabauer, and Assistant City Clerk Robison

C-2 Announcement of Closed Session

- a) Conference with Dean Gualco, Human Resources Manager (Labor Negotiator), Regarding Unrepresented Executive Management, Lodi City Mid-Management Association, Unrepresented Confidential Employees, AFSCME General Services and Maintenance & Operators, Police Mid-Managers, Lodi Police Officers Association, Lodi Police Dispatchers Association, International Brotherhood of Electrical Workers, Fire Mid-Managers, and Lodi Professional Firefighters Pursuant to Government Code §54957.6

C-3 Adjourn to Closed Session

At 6:00 p.m., Mayor Hansen adjourned the meeting to a Closed Session to discuss the above matter.

The Closed Session adjourned at 6:55 p.m.

C-4 Return to Open Session / Disclosure of Action

At 7:06 p.m., Mayor Hansen reconvened the City Council meeting, and City Attorney Schwabauer disclosed the following action.

Item C-2 (a) was discussion only; no reportable action was taken.

A. Call to Order / Roll call

The Regular City Council meeting of November 18, 2009, was called to order by Mayor Hansen at 7:06 p.m.

Present: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Absent: None

Also Present: City Manager King, City Attorney Schwabauer, and Assistant City Clerk Robison

B. Pledge of Allegiance

C. Presentations

C-1 Awards - None

C-2 Proclamations - None

C-3 Presentations - None

D. Consent Calendar (Reading; Comments by the Public; Council Action)

Council Member Mounce made a motion, second by Council Member Hitchcock, to approve the following items hereinafter set forth, **except those otherwise noted**, in accordance with the report and recommendation of the City Manager.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None

Absent: None

D-1 Receive Register of Claims in the Amount of \$1,283,722.37 (FIN)

Claims were approved in the amount of \$1,283,722.37.

D-2 Approve Minutes (CLK)

The minutes of October 21, 2009 (Regular Meeting), October 27, 2009 (Shirtsleeve Session), November 3, 2009 (Shirtsleeve Session), and November 10, 2009 (Shirtsleeve Session) were approved as written.

D-3 Adopt Resolution Approving City of Lodi Annual Investment Policy and Internal Control Guidelines (CM)

Adopted Resolution No. 2009-158 approving the City of Lodi Annual Investment Policy and Internal Control Guidelines.

D-4 Adopt Resolution Approving Purchase of Sign-Making Equipment from Denco Sales Company, of Concord (\$25,208), and Appropriating Funds (\$30,000) (PW)

Adopted Resolution No. 2009-159 approving the purchase of sign-making equipment from Denco Sales Company, of Concord, in the amount of \$25,208, and appropriating funds in the amount of \$30,000.

D-5 Adopt Resolution Awarding the Contract for Hale Park, 209 East Locust Street, and Blakely Park, 1050 South Stockton Street, Playground Surfacing Improvements to Diede Construction, of Woodbridge (\$73,442), and Appropriating Funds (\$88,000) (PR)

Adopted Resolution No. 2009-160 awarding the contract for Hale Park, 209 East Locust Street, and Blakely Park, 1050 South Stockton Street, Playground Surfacing Improvements to Diede Construction, of Woodbridge, in the amount of \$73,442, and appropriating funds in the amount of \$88,000.

D-6 Adopt Resolution Approving Contract Change Order to West Coast Arborist Contract for Tree Trimming Services (\$20,265) and Appropriating Funds (\$22,300) (PW)

Adopted Resolution No. 2009-161 approving contract change order to West Coast Arborist contract for tree trimming services in the amount of \$20,265 and appropriating funds in the

amount of \$22,300.

D-7 Accept Improvements under Contract for Wastewater Infrastructure Replacement Program (Project No. 4) Project (PW)

Accepted the improvements under contract for Wastewater Infrastructure Replacement Program (Project No. 4) Project.

D-8 Adopt Resolution Accepting Cable Rejuvenation under Contract with Novinium, Inc. for Royal Crest Subdivision (EUD)

Adopted Resolution No. 2009-162 accepting cable rejuvenation under contract with Novinium, Inc. for Royal Crest Subdivision.

D-9 Accept Five Machettes of "Celebrate the Harvest" Sculpture by Artist, Rowland Cheney (COM)

Council Member Johnson questioned why only two of the five sculptures were being used for fund-raising purposes, to which City Manager King and Community Center Director Jim Rodems clarified that the intention was to use four for fund-raising purposes and one for City display.

Council Member Mounce requested that staff report back to Council on how much money is raised with the four sculptures and where the fifth sculpture is displayed in the City.

Council Member Johnson made a motion, second by Mayor Hansen, to accept five machettes of "Celebrate the Harvest" sculpture by artist, Rowland Cheney, with the understanding that four of the five sculptures would be used for fund-raising purposes and the fifth one for City display.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None

Absent: None

D-10 Adopt Resolution Opposing the "New Two-Thirds Vote Requirement for Public Electricity Providers" Initiative (EUD)

Adopted Resolution No. 2009-163 opposing the "New Two-Thirds Vote Requirement for Public Electricity Providers" initiative.

D-11 Adopt Resolution in Support of the Local Taxpayer, Public Safety, and Transportation Protection Act of 2010 (CM)

Adopted Resolution No. 2009-164 in support of the Local Taxpayer, Public Safety, and Transportation Protection Act of 2010.

E. Comments by the Public on Non-Agenda Items

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subsequent to the agenda's being posted.

Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

Jaime Watts, Executive Director of the Downtown Lodi Business Partnership (DLBP), provided a progress report on DLBP activities starting in October including the Fall Flavor Fest, promotion of night life in downtown Lodi, marketing outside of the Lodi area, contract with San Joaquin Magazine to publish calendar of downtown events and information on businesses, and holiday shopping incentive program. Downtown Christmas activities will feature carriage rides; Christmas tree, swags, banners, and lights; toy drive; carolers; gift wrap station; and a window decorating contest among the downtown businesses. This year's Parade of Lights is scheduled for Thursday, December 3 at 6:17 p.m. with the theme of "Rock n' Roll Christmas."

F. Comments by the City Council Members on Non-Agenda Items

Council Member Mounce reported on the conference she attended regarding redevelopment abuse, at which community members shared pitfalls and challenges associated with redevelopment and a presentation was given by Dr. Roger Noll, professor at Stanford University, who stated that redevelopment funds spent on sports arenas may not be as economically viable as some would believe. Ms. Mounce also attended the League of California Cities legislative briefing and reported that the State is once again enacting laws that will cost money it does not have; there is Proposition 84 funding available for regional parks which staff should look into by the March 1, 2010, deadline; that local COPS grant funding may not continue after 2011; and that future trends appear to be municipal bankruptcy, roll backs, and pension reform. Council Member Mounce stated that she had previously asked staff to research the possibility of assessment districts to help aging neighborhoods pay for infrastructure, maintenance, and water meters and recently she met with a representative from Wolfe Hansen Company on how it could provide assistance to citizens in spreading out these costs over time. She asked that staff consider this matter and report back to Council.

Mayor Hansen stated he would adjourn tonight's meeting in memory of Elma Heinrich Proper, former City of Lodi employee, who passed away on November 12. Mr. Hansen reported that he received correspondence regarding aggressive dogs at the dog park and a request to ban dogs off leashes in all Lodi parks.

At the request of Mayor Hansen, City Attorney Schwabauer explained that the City currently has an ordinance prohibiting vicious behavior, which applies to all locations and includes bodily injury and attacks on people and animals. The ordinance would not cover animals that look fearsome or behave aggressively and to do so would require a change to the ordinance and would be difficult to enforce. Mr. Schwabauer suggested a simple solution is to install signage at parks with the pertinent code sections on vicious behavior and associated penalties, as well as the contact information for Animal Control.

Mayor Hansen reminded the public that the Salvation Army Kettle Kick Off is Thursday, November 19 and encouraged the public to support this worthy cause. A letter from Senator Alex Padilla was received requesting cities adopt an ordinance prohibiting the selling of tobacco near schools, and Mayor Hansen questioned if Council was interested in pursuing this request.

Council Member Hitchcock suggested staff first survey how many mini-marts are near Lodi schools as there may be an issue with existing businesses.

Mr. King stated staff would put this on a future agenda for discussion.

Mayor Hansen reported on his attendance at the San Joaquin Council of Governments (SJCOCG)

level of service forum, project delivery subcommittee, executive committee, and regional blueprint meeting, stating that the Highway 12 upgrades and construction received clearance on the Environmental Impact Report with construction to begin in 2010, the I-205 auxiliary lane and I-5 French Camp lane projects are being closely tracked, and the Regional Blueprint will come before the SJCOG board in December and presented to each city in the County thereafter. Mr. Hansen announced that, in response to school music programs being cut for Grades K through 6, a local couple is offering a 16-week music program entitled Instrument Explorers at Hutchins Street Square. Further, Mayor Hansen stated he is researching Welcome to Lodi signage for installation at key intersections in town and, to keep it simple and low cost, he suggested using the current art work of the water tower. He will work with Public Works Director Wally Sandelin on cost estimates and potential locations, will speak with local service clubs regarding donations toward this project, and will return to Council for discussion and possible action.

Council Member Johnson stated he would be willing to discuss the signage; however, he was unsure about using the water tower design at the entrances to the community, adding that the logo should be more indicative of our community (i.e. grapes, wine, etc.).

Council Member Hitchcock believed this needed further discussion before moving forward. She pointed out that this issue was discussed at the Downtown Summit, that there are already signs in place that designate the wineries, downtown, and other areas, and further signage should be cohesive and have agreed-upon, up-scale artwork.

G. Comments by the City Manager on Non-Agenda Items

City Manager King informed the public of the upcoming dates that City Hall would be closed for the holidays and furlough days: Thanksgiving - Wednesday, November 25 to Friday, November 27; and Christmas - noon on Thursday, December 24 to Monday, December 28.

At the request of Mr. King, Deputy City Manager Jordan Ayers announced that the following four pay stations will be in operation beginning December 1: Discoteca El Gallo, Check Into Cash, Wal-Mart, and Genet's Hallmark Shop. Citizens will be able to pay their utility bills at any of these locations, and staff is in the process of putting together community information and signage.

H. Public Hearings

H-1 Public Hearing to Consider Unmet Transit Needs in Lodi (PW)

Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Hansen called for the public hearing to consider unmet transit needs in Lodi.

City Manager King briefly introduced the subject matter of unmet transit needs in the City of Lodi.

Senior Traffic Engineer/Interim Transportation Manager Paula Fernandez reported that as a State requirement the San Joaquin Council of Governments (SJCOG) sponsors public hearings throughout the County, including Lodi, to receive comments on unmet transit needs. Out of the 12 hearings to date, only two comments related to Lodi were received. Requests and comments will continue to be received through mid December, in January the comments will be reviewed through SJCOG, and in February the report will be completed.

In response to Mayor Hansen, Aaron Hoyt representing SJCOG described the two comments relating to Lodi, which included service to San Francisco one time a week and regular service to the Woodbridge area.

In response to Council Member Hitchcock, Ms. Fernandez stated that all comments received throughout the year outside of the process, including those from the public hearing regarding transit reductions and fees, would be included.

In response to Council Member Mounce, Mr. Hoyt stated that the 3,500 people who were sent mailings were part of an established commute connection database.

Mayor Hansen opened the hearing to the public.

Ann Cerney spoke in support of having regular weekend transportation service to Stockton in order to service the needs of the disabled.

There being no other comments, Mayor Hansen closed the public hearing.

In response to Mayor Hansen, Mr. Hoyt stated he would look into whether or not there is weekend service to Stockton through the Regional Transportation District.

H-2 Receive Preliminary Report and Open and Continue Public Hearing to Introduce Ordinance Amending Chapter 13.20, "Electrical Service," Sections 225 and 227 Titled, "Schedule NEM - Net Energy Metering" and "Schedule CEM - Co-Energy Metering Rider" (EUD)

Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Hansen called for the public hearing to consider introducing ordinance amending Chapter 13.20, "Electrical Service," Sections 225 and 227 titled, "Schedule NEM - Net Energy Metering" and "Schedule CEM - Co-Energy Metering Rider."

City Manager King briefly introduced the subject matter, stating the recommendation is to receive the report, allow comments, and continue the public hearing to a date undetermined to allow time for additional questions to be answered.

Interim Electric Utility Director Ken Weisel provided a PowerPoint presentation regarding the proposed ordinance amendments. Specific topics of discussion included summary, background information, and proposal on net energy metering and co-energy metering, co-metering pricing, eligibility, and attributes.

In response to Mayor Pro Tempore Katzakian, Mr. Weisel explained that homes typically use 3 kW to 5 kW on the hottest hour of the year and a typical solar system on a residential roof is 1 kW to 3 kW. He confirmed that there are a few 10 kW systems in Lodi, there are no 1 MW systems, and the proposed pricing is at the level required by State law.

In response to Council Member Johnson, Mr. Weisel stated there have been no wind-powered generation systems installed in Lodi. Interim Community Development Director Rad Bartlam stated that current City ordinances do not prohibit installation of wind-powered generation systems; however, there are City restrictions that would make it difficult or near impossible for such installation. A wind-powered system would be more likely to occur in a commercial or industrial area of town, not a residential lot; however, there is insufficient wind in town to justify it.

Mayor Hansen opened the hearing to the public.

None.

There being no comments, Mayor Hansen closed the public hearing.

Mayor Hansen made a motion, second by Council Member Mounce, to continue the public hearing to a date determined by staff to introduce ordinance amending Chapter 13.20, "Electrical Service," Sections 225 and 227 titled, "Schedule NEM - Net Energy Metering" and "Schedule CEM - Co-Energy Metering Rider."

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None

Absent: None

I. Communications

I-1 Claims Filed Against the City of Lodi - None

I-2 Appointments

a) Appointment to the Lodi Budget/Finance Committee: Bud Mullanix (CLK)

Council Member Mounce made a motion, second by Council Member Johnson, to make the following appointment:

Lodi Budget/Finance Committee

Bud Mullanix, Term to expire June 30, 2013

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None

Absent: None

I-3 Miscellaneous - None

J. Regular Calendar

J-1 Introduce Ordinance Amending Lodi Municipal Code Title 9 - Public Peace, Morals, and Welfare - by Repealing and Reenacting Chapter 9.18, "Vending on Streets, Sidewalks, and Private Property," in its Entirety (CA)

(NOTE: Permit Technician Araseli Del Castillo provided Spanish translation of the staff presentation, as well as comments by Council, staff, and members of the public.)

City Attorney Schwabauer provided a brief report on the proposed ordinance amendment that would place a cap on the number of mobile food vendor permits at the current numbers: 22 for motorized food preparation units and 3 for produce/seafood trucks. There are two other versions of mobile food units: hot dog carts, for which there is only one licensed in Lodi, and push carts, for which there are none licensed in Lodi. The ordinance would further move enforcement from the Community Development Department to the Police Department. Mr. Schwabauer stated that the proposed ordinance was reviewed and approved by David LeBeouf, counsel for the affected business owners, who was unable to attend the meeting. Mr. LeBeouf had indicated that the ordinance was acceptable as written because it did not place a cap below current levels and it

allowed for licenses to be transferable; however, if Council were to amend the proposed ordinance, Mr. LeBeouf would like the matter brought back at a later date.

Council Member Hitchcock expressed concern regarding the ability to transfer licenses, which would create value to the permit and potentially be unfair to those on a waiting list. Mr. Schwabauer stated that each license is only valid for one year and can be renewed assuming the owner complies with regulations. The purpose of the transfer is to provide the opportunity for an owner to sell their unit and potentially recapture some or all of their investment.

In response to Council Member Mounce, Mr. King stated that it is more appropriate to have Code Enforcement handle the application and renewal process, as it is currently responsible for enforcing the code violations. This will streamline the process and keep all associated functions within one division.

Council Member Mounce complimented the mobile food vendor on Lodi Avenue next to Round House for abiding by the City ordinance; however, there are others, specifically on Cherokee Lane and Harney Lane, who routinely refuse to comply with the rules by setting up seating, erecting tents and canopies, running electrical cords, etc. without approval. She questioned how often the vendors are monitored to ensure they are abiding by the regulations.

Mr. King stated that the proposed ordinance addresses the cap only, not permits for certain locations or for enforcement; one operator could operate in several locations according to their permit; the Police Department can enforce conditions of the site permit; and he did not see a detriment to transferring licenses.

Mr. Schwabauer pointed out that, of the three cities that responded to the survey, all three made licenses transferable.

Mayor Hansen stated he was comfortable with the transfer of licenses, adding that it was similar to Alcoholic Beverage Control licenses that could be sold on the market.

Council Member Hitchcock suggested that the language regarding enforcement be tightened up to include a clear procedure for suspension. Mr. Schwabauer stated the municipal code provides some flexibility to the City Manager on suspending or revoking a license, depending on the severity of the violation, and suggested that this discretion be maintained. Ms. Hitchcock stated that the language in the code is not strong enough and repeat offenders continue to violate the regulations.

Mayor Hansen spoke in support of maintaining flexibility on enforcement, pointing out that the discretion lies with the hearing officer.

In response to Council Member Johnson, Mr. King stated he was unsure who the hearing officer would be as no hearings have been held to date. Mr. Johnson was not in favor of stipulating penalties for specific violations and instead suggested that the ordinance be implemented, the hearing officer be allowed an opportunity to review and rule on issues as they come forth, and that staff determine whether or not the process is working, after which time the ordinance could be brought back to Council for further strengthening of enforcement.

In response to Council Member Hitchcock, Mr. Schwabauer stated that the ordinance was originally approved in 2007, he was unsure of the number of citations that have been issued since that time, and confirmed that no hearings have been conducted to date.

In response to Mayor Hansen, Neighborhood Services Manager Joseph Wood stated that enforcement has been the responsibility of the Code Enforcement Division in the Police

Department; however, the issuance and review of licenses has been handled by the Community Development Department. The new ordinance would move all of those functions under the Code Enforcement Division. Mr. Wood stated that roughly six administrative citations have been issued, mostly for those operating without a permit, and that no other complaints have been communicated to him.

Council Member Mounce expressed frustration as she has witnessed several operators who are in violation of the code and that enforcement appears to be at the discretion and interpretation of the Code Enforcement Officer.

Mr. King suggested that, if it would like to delve into the issue of penalty and location, Council direct staff to research the issue and return with enforcement options, but in the meantime it act on this ordinance regarding the cap.

Mayor Hansen suggested that the Police Department make this a priority and perform an aggressive enforcement sweep of existing operators and known problem areas.

Ann Cerney requested clarification that the action was to introduce the ordinance as presented to Council.

Arlene Farley complained that there is an unlicensed ice cream vendor operating in her neighborhood near Century Assembly Church who is there daily and leaves behind garbage. She believed that limits and standards should be set and upheld and was in support of greater enforcement.

Mr. King confirmed that the Police Department will set a high priority on seeking out unsolicited vending.

Council Member Mounce made a motion, second by Mayor Pro Tempore Katzakian, to introduce Ordinance No. 1827 amending Lodi Municipal Code Title 9 - Public Peace, Morals, and Welfare - by repealing and reenacting Chapter 9.18, "Vending on Streets, Sidewalks, and Private Property," in its entirety.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None

Absent: None

J-2 Adopt Resolution Setting Forth the City of Lodi's Commitment to Obesity Prevention as Outlined in the Healthy Eating Active Living (HEAL) Campaign (CM)

City Manager King briefly introduced the subject matter of the Healthy Eating Active Living (HEAL) Campaign.

Kanat Tibet, representing the HEAL Campaign, provided a brief report regarding this effort to encourage cities to adopt policies to make their cities healthier and more active by focusing on land use (i.e. walkable neighborhoods, bike lanes, etc.), zoning (i.e. farmers markets, connectivity to fresh food outlets, etc.), and employee wellness. Mr. Tibet recommended Council adopt a resolution setting forth the City's commitment to obesity prevention, joining the other 13 cities who have also taken this step.

In response to Council Member Hitchcock, Mr. Tibet, Mayor Hansen, and City Manager King

reported on the increased cost of obesity statewide and nationally; statistics relating to obesity in children within San Joaquin County; the projection that children today are not expected to outlive parents; the growing rate of Type 2 diabetes among adults and children; and Lodi's efforts in creating policies in the General Plan to promote bike lane systems, walkability, and connectivity.

Mayor Hansen made a motion, second by Council Member Hitchcock, to adopt Resolution No. 2009-165 setting forth the City of Lodi's commitment to obesity prevention as outlined in the Healthy Eating Active Living (HEAL) Campaign.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None

Absent: None

J-3 Report on October 16, 2009, Downtown Summit (CM)

City Manager King provided a PowerPoint presentation on the Downtown Summit, which was held on October 16, 2009, at Hutchins Street Square and was geared toward gathering stakeholders in the downtown, property owners, and merchants to focus on reviewing what has happened downtown in the last decade and what needs to be done to move forward. Property owners and downtown visitors were surveyed, dynamic speakers including Michael Freedman spoke at the summit, there was a reasonable turnout at the event, and important feedback was attained from those who attended. Mr. King reviewed the discussion group findings and suggestions for further action, implementation techniques, and strategies.

Council Member Mounce stated she was in favor of receiving further information on a combined property owner merchant Business Improvement District (BID). In regard to directional "wayfarer" signage, she suggested utilizing an existing design and placing the Arts Commission in charge of the project, as well as fund it.

Mr. King stated that an initial presentation on a BID merge would not cost the City, but he pointed out there needs to be a desire by the business community and property owners to pursue it. The directional signage should be of high-quality, thought would need to be given on design, theme, and location, and the Arts Commission could weigh in on the discussion.

Council Member Hitchcock expressed concern with what might happen to the Downtown Lodi Business Partnership (DLBP) and its funding if there were a merge of the BID, adding that the BID was difficult to initially form and this effort needs to come from downtown, not the City.

Mr. King explained that the combined BID would have two revenue streams - one from the existing BID and the other from property owners - and it would most likely involve incorporating the new group into the existing BID; however, there are various options to pursue.

Council Member Johnson stressed that most importantly endeavor needs to be made to maintain the momentum that was created at the summit and suggested that efforts be made to implement the strategies that can be realized sooner rather than later.

Mr. King summarized that momentum could be maintained by 1) scheduling a presentation to Council at no cost for a BID merger; 2) requesting information from other cities regarding directional "wayfarer" sign programs; 3) continuing to direct staff to ensure General Plan policies are consistent with the Downtown Summit outcomes; and 4) setting a meeting with downtown property owners and Mayor to begin dialog regarding opportunity sites. Other issues, including

economic development coordinator position, study for daytime anchor, and branding study, would need additional time and dialog.

Council Member Mounce suggested the Lodi-Woodbridge Winegrape Commission pursue the branding concept if it has the funding source.

Mr. King proposed that the Planning Commission review the funding and opportunities for mixed use housing development in the downtown area and that further research be done regarding a possible downtown revitalization implementation plan.

Council Member Hitchcock believed the directional signage program should be the first strategy and that it should be of high quality and be cohesive with existing signage.

Council Member Mounce stated the branding study could be handled in-house instead of with a paid consultant.

In response to Mayor Hansen, Mr. King stated he was unsure what the downtown revitalization implementation plan would entail at this point, but the plan would detail where downtown should be and the steps to take to get there.

Council Member Mounce thanked the members of the Greater Lodi Area Youth Commission for assisting with the downtown surveys and Jaime Watts with DLBP for her efforts in researching other forms of BIDs across the state.

Council Member Johnson suggested that Council Members participate in the process and discussions in order to demonstrate full City support in this effort.

Ann Cerney expressed support for pursuing the BID merger of property owners and business owners.

Jaime Watts, Executive Director of the DLBP, thanked the City for putting on the downtown summit, stating it was beneficial to hear from property owners and business owners on what they want downtown. She has been researching other BIDs, talked with the consultant who spoke at the summit, contacted representatives from the city of Tracy which is currently forming a BID under the advisement of this consultant, and spoken to both the Tracy BID that was being dissolved and the new one being formed. Ms. Watts requested that the DLBP be kept informed and involved in this process

J-4 Adopt Resolution Approving Side Letter Amending the 2008-2010 Memorandum of Understanding between the City of Lodi and the AFSCME Council 57 Local 146-AFL-CIO Maintenance and Operations Unit (CM)

City Manager King reported that the Side Letter with the Maintenance and Operators (M&O) Unit came before Council previously in Closed Session and explained that the amendment is to include the positions of Chief Wastewater Plant Operator and Wastewater Plant Operator I/II/III in the uniform allowance consistent with other employees at the Wastewater Treatment Plant. This amendment would have an annual cost of \$1,500 and would come from the Wastewater Operations Fund.

Council Member Mounce made a motion, second by Council Member Johnson, to adopt Resolution No. 2009-166 approving Side Letter amending the 2008-2010 Memorandum of Understanding between the City of Lodi and the AFSCME Council 57 Local 146-AFL-CIO Maintenance and Operations Unit.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None

Absent: None

J-5 Consider Holding a Special City Council Meeting to Discuss the Possibility of Developing a New Proposed Redevelopment Project/Tax Increment Plan (CM)

City Manager King reported that Council has periodically requested pursuing discussion of another type of tax increment or redevelopment plan. There is a year-long moratorium required as a result of the referendum campaign; however, if Council would like to initiate discussion on this matter, he suggested it set a date for a special meeting.

Council Member Mounce disclosed that citizen Jane Lea submitted 1) a letter expressing her disappointment that Council is once again considering this matter and 2) a booklet entitled, "Redevelopment: The Unknown Government." Ms. Mounce questioned how much in redevelopment funds has been spent to date, to which Mr. King responded approximately \$600,000.

John Talbot suggested that the amount spent on the 2002 efforts on redevelopment, as well as City staff time, be added to the \$600,000 and that Council Members attend the redevelopment sessions next March hosted by the Municipal Officers for Redevelopment Reform. He expressed disappointment that the City chose to place the referendum on a special election, which was more costly, rather than the next general election as requested by the proponents. Mr. Talbot pointed to examples in the City where private funds were used to improve areas.

Arlene Farley expressed strong opposition to a third attempt at redevelopment, pointing to examples of redevelopment efforts gone awry, and stated that people were educated on the matter and voted accordingly that they do not want redevelopment in this community.

Marianne Rivera stated she was opposed to any meeting that would debate what has already been discussed; however, any scheduled meetings or proposed plan should greatly involve the public so there is buy in, support, and control over how the money is spent.

Ann Cerney was opposed to revisiting this issue as the people have spoken and she did not want to see City resources utilized in this manner.

Mayor Hansen stated he is willing to discuss whether there is another form of redevelopment that would benefit the City as long as it included specific projects and parameters; however, if public support is lacking, he believed it was not worth pursuing. Mr. Hansen pointed out that the cost of running a city becomes more expensive every year and revenues no longer match expenses. He was in support of setting a special meeting in March 2010 to discuss options.

Council Member Mounce stated her concern is that promises are not always kept and years later future Council decisions would likely be based on the approved plan, regardless of what the original Council or staff intention was. Ms. Mounce stated she would be willing to discuss a new redevelopment project, as improving the east side of Lodi is of utmost importance, but only if the plan were specific and clear on the projects, time line, and how funds will be spent; did not include debt, eminent domain, or gift of public funds; and held future Councils and staff accountable to the promises made in the plan.

Council Member Hitchcock stated that revenues do not meet expenditures and the state

continually takes money from cities. Redevelopment is not a new tax, is a great funding source, and is an opportunity to recapture money that is currently going to the State. She believed the "no" vote on Measure W was because people did not trust government, redevelopment, or the plan and because they felt they had no control over the money. Any future attempt to adopt a redevelopment plan needs to instill trust in and involve the public, needs to have a plan that is clear about what will be done and how it will be funded, and needs to be for developing the east side and its infrastructure; otherwise, the outcome will be the same.

Council Member Mounce stated March was a difficult time for her due to work commitments and she felt it was far too soon to begin discussing this again.

Discussion ensued between Council Members Johnson and Mounce regarding the importance of this discussion and timing, after which Mayor Hansen suggested the date of June 9, 2010, to conduct a special meeting to hear this matter.

Council Member Johnson made a motion, second by Mayor Hansen, to set a special City Council meeting for June 9, 2010, to discuss the possibility of developing a new proposed Redevelopment Project/Tax Increment Plan.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None

Absent: None

J-6 Approve the "Holiday at the Lake" Event for December 11 - 12, 2009 (COM)

Interim Parks and Recreation Director James Rodems reported that staff has developed a new event, "Holiday at the Lake," scheduled for December 11 - 12, 2009, for the purpose of creating a seasonal gathering, marketing the City's recreational offerings, and highlighting Lodi Lake Park as a regional park. Various organizations will provide booths, decorations with lights, crafts, and holiday carols. Free arts and crafts programs will be provided for children, and refreshments will be available. The event will be sponsored and will cover the costs of advertising.

Ms. Hitchcock expressed concern that the event would take away from the natural atmosphere of the lake and that it might be better suited for the downtown area.

Baubie Wardrobe-Fox, Recreation Commissioner, explained that this event will not be commercial in nature; rather, it will be a family atmosphere to observe the lake decorated for Christmas. The impact of this event will not take away from the daytime experience of the park as it will occur in the evening when the park is typically closed. There will be little impact on the neighbors and traffic, no streets will be closed, and it is an ideal location with scenic views.

In response to Council Member Mounce, Ms. Wardrobe-Fox responded that there would be no amplified music, only carolers, and it does not conflict with any downtown events.

Council Member Johnson made a motion, second by Mayor Pro Tempore Katzakian, to approve the "Holiday at the Lake" event for December 11 - 12, 2009.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None
Absent: None

J-7 Approve Legal Expenses Incurred by Outside Counsel/Consultants Relative to the Environmental Abatement Program Litigation (\$3,672.99) (CA)

Mayor Hansen made a motion, second by Council Member Mounce, to approve legal expenses incurred by outside counsel/consultants relative to the Environmental Abatement Program litigation in the amount of \$3,672.99, as further detailed in the staff report.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: Council Member Hitchcock

Absent: None

K. Ordinances

K-1 Adopt Ordinance No. 1826 Entitled, "An Ordinance of the City Council of the City of Lodi Amending Lodi Municipal Code Title 5 - Permits and Regulations - by Adding Chapter 5.17, "State Video Franchises" (CLK)

Council Member Hitchcock made a motion, second by Mayor Pro Tempore Katzakian, to (following reading of the title) waive reading of the ordinance in full and adopt and order to print Ordinance No. 1826 entitled, "An Ordinance of the City Council of the City of Lodi Amending Lodi Municipal Code Title 5 - Permits and Regulations - by Adding Chapter 5.17, 'State Video Franchises,'" which was introduced at a regular meeting of the Lodi City Council held November 4, 2009.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None

Absent: None

L. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 11:27 p.m., in memory of Elma Heinrich Proper, who passed away on November 12, 2009.

ATTEST:

Jennifer M. Robison
Assistant City Clerk

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, DECEMBER 2, 2009**

C-1 Call to Order / Roll Call - N/A

C-2 Announcement of Closed Session - N/A

C-3 Adjourn to Closed Session - N/A

C-4 Return to Open Session / Disclosure of Action - N/A

A. Call to Order / Roll call

The Regular City Council meeting of December 2, 2009, was called to order by Mayor Hansen at 7:00 p.m.

Present: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Absent: None

Also Present: City Manager King, City Attorney Schwabauer, and Assistant City Clerk Robison

B. Pledge of Allegiance

C. Presentations

C-1 Awards

a) Presentation of Mayor's Community Service Award

Mayor Hansen presented the Mayor's Community Service Awards to Sally Snyder and the World of Wonders Science Museum for their efforts in promoting science and education to the youth of this community and to Nancy Alumbaugh and the People Assisting Lodi Shelter for their tireless efforts in protecting the health, safety, and welfare of animals.

C-2 Proclamations - None

C-3 Presentations - None

D. Consent Calendar (Reading; Comments by the Public; Council Action)

Mayor Hansen made a motion, second by Council Member Johnson, to approve the following items hereinafter set forth in accordance with the report and recommendation of the City Manager.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None

Absent: None

D-1 Receive Register of Claims in the Amount of \$5,487,986.65 (FIN)

Claims were approved in the amount of \$5,487,986.65.

D-2 Approve Minutes (CLK)

The minutes of November 4, 2009 (Regular Meeting), November 17, 2009 (Shirtsleeve Session), and November 24, 2009 (Shirtsleeve Session) were approved as written.

D-3 Adopt Resolution Authorizing a Sole Source Procurement of Outage Management and Trouble Call Systems from Survalent Technology of Mississauga, Ontario, Canada (\$54,300) (EUD)

Adopted Resolution No. 2009-167 authorizing a sole source procurement of Outage Management and Trouble Call Systems from Survalent Technology of Mississauga, Ontario, Canada, in the amount of \$54,300.

D-4 Accept Improvements under Contract for Library Phase I Remodel Project (PW)

Accepted the improvements under the contract for Library Phase I Remodel Project.

E. Comments by the Public on Non-Agenda Items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted.

Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

Ken Owen, Director of Christian Community Concerns, distributed a packet of information (filed) and provided a brief overview of the annual "Keeping Christ in Christmas" campaign and urged citizen participation.

Jerry Glenn, President of Lodi Adopt-A-Child, gave a brief presentation on its Christmas gift program for underprivileged children and encouraged people to support this worthwhile cause. Mr. Glenn distributed "angel cards" and stated that unwrapped gifts and/or cash donations could be dropped off at 100 East Pine Street no later than December 13.

Mayor Hansen's wife, Linda, wished him a happy 21st wedding anniversary.

F. Comments by the City Council Members on Non-Agenda Items

None.

G. Comments by the City Manager on Non-Agenda Items

City Manager King reviewed a partial listing of City Council's 2009 accomplishments (filed).

H. Public Hearings - None

I. Communications

I-1 Claims Filed Against the City of Lodi - None

I-2 Appointments - None

I-3 Miscellaneous - None

J. Regular Calendar - None

K. Ordinances

K-1 Adopt Ordinance No. 1827 Entitled, "An Ordinance of the City Council of the City of Lodi Amending Lodi Municipal Code Title 9 - Public Peace, Morals, and Welfare - by Repealing and Reenacting Chapter 9.18, 'Vending on Streets, Sidewalks, and Private Property,' in its Entirety" (CLK)

Council Member Johnson made a motion, second by Council Member Mounce, to (following reading of the title) waive reading of the ordinance in full and adopt and order to print Ordinance No. 1827 entitled, "An Ordinance of the City Council of the City of Lodi Amending Lodi Municipal Code Title 9 - Public Peace, Morals, and Welfare - by Repealing and Reenacting Chapter 9.18, 'Vending on Streets, Sidewalks, and Private Property,' in its Entirety," which was introduced at a regular meeting of the Lodi City Council held November 18, 2009.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Noes: None

Absent: None

L. Reorganization of the City Council

L-1 Presentation to Outgoing Mayor by City Manager King

City Manager King presented a plaque to outgoing Mayor Hansen, recognizing him for his service to this community and stating he was a passionate, thinking, and caring person.

Mayor Hansen commented on the challenges that have faced the City each time he served as Mayor, the importance of maintaining a positive attitude, and the City's balanced budget and further expressed appreciation to City employees for rallying together, making concessions, and working with less staff and pay yet continuing to serve the City in a professional manner.

Mr. Hansen thanked his wife and family, stating it has been an honor to serve as the Mayor of this community.

L-2 Reorganization of the Lodi City Council

NOMINATION(S) FOR MAYOR:

Council Member Mounce made a motion, second by Council Member Johnson, to nominate Council Member Katzakian to the office of Mayor. There being no further nominations for the office of Mayor, the nominations were closed.

VOTE:

In regard to the nomination of Phil Katzakian to the office of Mayor, the motion carried by the following vote, thereby adopting Resolution No. 2009-168.

Ayes: Council Member Hansen, Council Member Hitchcock, Council Member Johnson, Council Member Katzakian, and Council Member Mounce

Noes: None

Absent:None

NOMINATION(S) FOR MAYOR PRO TEMPORE:

Council Member Hansen made a motion, second by Council Member Johnson, to nominate Council Member Hitchcock to the office of Mayor Pro Tempore. There being no further nominations for the office of Mayor Pro Tempore, the nominations were closed.

VOTE:

In regard to the nomination of Susan Hitchcock to the office of Mayor Pro Tempore, the motion carried by the following vote, thereby adopting Resolution No. 2009-169.

Ayes: Council Member Hansen, Council Member Hitchcock, Council Member Johnson, Council Member Mounce, and Mayor Katzakian

Noes: None

Absent:None

Mayor Pro Tempore Hitchcock stated she looked forward to this year and serving the public on behalf of the City.

Mayor Katzakian expressed appreciation for the opportunity to serve the City as Mayor, thanked his family and friends, and reminded the public to attend the downtown Parade of Lights tomorrow night.

M. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 7:55 p.m., in memory of Joseph Spinelli, past member of the Lodi Improvement Committee, who passed away on November 16, 2009.

ATTEST:

Jennifer M. Robison
Assistant City Clerk

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, DECEMBER 8, 2009**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, December 8, 2009, commencing at 7:02 a.m.

Present: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Absent: None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Water Meter Program - Privately-Contracted Meter Installation Program Presentation (PW)

City Manager King provided a brief introduction to the subject matter of the water meter installation guide.

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the privately-contracted water meter installation guide. Specific topics of discussion included Assembly Bill 2572, private property owner installation period, pre-1979 properties, complete installation, 1979-1992 properties, post-1992 properties, eligibility chart for single family residences, installation process, confirming eligibility, hiring a qualified and licensed contractor, obtaining City permits, obtaining and installing water meter and transponder, inspection requirements, and initiation of meter based utility bill.

In response to Council Member Mounce, Mr. Sandelin stated there are 22 miles of smaller than six-inch mains in backyards, the front location is more conventional and better to work with, and the mains that are larger than six inches are being left in the rear yards. Council Member Mounce requested the statistical information regarding which properties will have the meters located from the back yards to the front yards.

In response to Council Member Mounce, Mr. Sandelin stated the consultant will be on site, fielding questions, and handling the permit issuance directly from City Hall.

In response to Council Member Mounce, Mr. Sandelin stated the fees include a \$37.50 inspection fee, \$75 building fee, \$100 valve shut off and isolation fee, \$300 meter cost, and the cost of the contractor for the self-installation option.

In response to Council Member Johnson, Mr. Sandelin stated a contractor would not necessarily have the equipment to turn the valves off and on because many of the valves have never been turned and there is a concern about breaking the valves. Mr. Sandelin stated there is a need to go through a valve opening and closing exercise routinely.

In response to Council Member Mounce, Mr. Sandelin stated the bid cost was \$1,025 in an older neighborhood for installation and meter costs.

In response to Mayor Katzakian, Mr. Sandelin stated the \$1,200 estimate did not include permit fees.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated there are no permit fees for the City contract for installation, although there will be reimbursement costs at a later date.

In response to Council Member Hansen, Mr. Sandelin stated the consultant cost will be incorporated into the final reimbursement costs and that information will be brought back to Council in approximately nine months or after the first contract is bid and hard numbers are available. Mr. King stated there is also a Community Development cost for inspections and related services that will need to be transferred to Community Development as a special revenue fund to cover the true costs of the services incurred.

General discussion ensued between Council Member Johnson, Mr. Sandelin, and Mr. King regarding the ability to ascertain as a citizen what the actual costs will be for the self-install option versus City install option and the ability of local contractors to solicit multiple properties in neighborhoods to provide the service without the need to pay prevailing wages.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin confirmed there will be a general estimate of what both options cost with installation and fees and the Council will decide the reimbursement costs of the City install option at a later date.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin confirmed there will be a general estimate of what both options cost, including fees, and although there may not be an encroachment or building fee for the City option currently, all reimbursement costs will be coming back to Council for approval.

General discussion ensued between Council Member Mounce, Mr. Sandelin, and Mr. King regarding whether or not water meters are actually going to save money, the unfunded State mandate to install meters, and statistics indicating some properties will save while others will not.

In response to Mayor Katzakian, Mr. Sandelin stated the overall rates need to generate as much revenue as is generated currently. Mr. Schwabauer stated the rate model estimates are an educated guess and the rate model is designed to generate the same amount of revenue with the exception of water meter installation.

In response to Council Member Hansen, Mr. Sandelin confirmed that with water meters property owners can adjust habits accordingly and will have some control over their own costs.

In response to Council Member Hansen, Mr. Sandelin stated the water main will not have to be shut off for approximately 3,000 properties, but will have to be shut off for the remaining 10,000 properties.

In response to Council Member Johnson, Mr. Sandelin confirmed that the installation process could take two to three hours.

In response to Mayor Katzakian, Mr. Sandelin confirmed that the valve can remain in place, although there will be more fittings and connections required, which is not preferred.

In response to Council Member Johnson, Mr. Sandelin stated when the first phase gets underway there will be approximately nine crews working throughout the City in various neighborhoods installing meters.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin confirmed that the main could be turned off once for multiple properties in a neighborhood doing the installation versus multiple shut offs.

In response to Council Member Mounce, Mr. King confirmed that the costs will be incurred by property owners regardless of whether the City does the work or there is self-install, although the City may be able to do more work at one time.

In response to Council Member Mounce, Mr. Sandelin stated staff will be bringing forth an option for a summer discount during the rate discussion to address maintenance of mow strips.

In response to Council Member Hansen, Mr. Sandelin confirmed that comparative analysis is beneficial for customers and stated the trend was to start the billing during the November month.

General discussion ensued between Council Member Mounce, RMC Water Meter Program Administrator Tom Dugan, and Mr. Sandelin regarding the need to have an accelerated program, other communities addressing the mandate, and charging property owners for the installation of the meters. Council Member Mounce requested information on what other communities are doing to address the mandate.

In response to Mayor Katzakian, Mr. King confirmed currently the property owner is responsible for watering and maintaining the mow strip.

In response to Mayor Katzakian, Mr. Sandelin and Mr. Schwabauer confirmed that the home owner is ultimately liable with the self-install option.

Myrna Wetzel stated as a resident she would prefer knowing all of the costs associated with each option, including fees, upfront prior to making the decision.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:08 a.m.

ATTEST:

Randi Johl
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Rejecting Bids for the Inspection, Adjustment and Maintenance Tests of Two Transformers at Henning Substation (EUD)

MEETING DATE: December 16, 2009

PREPARED BY: Interim Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution rejecting bids for the inspection, adjustment and maintenance tests of two transformers at Henning Substation.

BACKGROUND INFORMATION: On June 3, 2009, the City Council approved a request for bids for the inspection, adjustment, and maintenance tests of two transformers and associated tap changers at Henning Substation.

On July 29, 2009, one bid was received and opened. The proposal was submitted by Waukesha Electric Systems, Inc. (Waukesha) of Waukesha, Wisconsin with the following price schedule for the scope of work as defined in the bid document:

- | | |
|--|-------------------------------|
| 1. Transformer and Tap Changer Maintenance | \$13,540.00 per unit |
| 2. LTC Parts and Repair Kits | \$10,000 to \$25,000 per unit |
| 3. New Oil Replacement | \$8.50 per gallon |

Based on this Waukesha pricing, the projected maintenance cost of two transformers at Henning Substation will be approximately \$48,000 to \$60,000.

Staff estimated the total project cost to be \$40,000. The projected total price of Waukesha will exceed this estimate by approximately \$8,000 to \$20,000. Staff could not determine if the received bid is reasonable without any comparative bid from other qualified vendors.

Therefore, it is recommended that the bid be rejected.

Kenneth A. Weisel
Interim Electric Utility Director

Prepared by: Demy Bucaneg, Jr. – PE, Assistant Electric Utility Director
KAW/DB/1st

APPROVED: _____
Blair King, City Manager

RESOLUTION NO. 2009-_____

A RESOLUTION OF THE LODI CITY COUNCIL
REJECTING BIDS FOR THE INSPECTION, ADJUSTMENT, AND
MAINTENANCE TESTS OF TWO POWER TRANSFORMERS AT
HENNING SUBSTATION

=====

WHEREAS, in response to notice duly published in accordance with law and the order of this City Council, one sealed bid was received and publicly opened on July 29, 2009, at 11:00 a.m. for the inspection, adjustment, and maintenance tests of two power transformers at Henning Substation; and

WHEREAS, said bid has been received from Waukesha Electric Systems, Inc. (Waukesha), of Waukesha, Wisconsin, with price schedule for the defined scope of work in the bid document as follows: (1) Transformer and Tap Changer Maintenance - \$13,540 per unit, (2) LTC Parts and Repair Kits - \$10,000 to \$25,000 per unit, and (3) New Oil Replacement - \$8.50 per gallon; and

WHEREAS, the projected maintenance cost of two transformers based on Waukesha's price schedule is approximately \$48,000 to \$60,000; and

WHEREAS, the estimated cost was \$40,000 and Waukesha's proposal will exceed this amount by approximately \$8,000 to \$20,000; and

WHEREAS, staff could not determine the reasonability and acceptability of Waukesha's price in the absence of comparative proposal from other qualified vendors.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby reject the bid from Waukesha Electric Systems, Inc., of Waukesha, Wisconsin.

Dated: December 16, 2009

=====

I hereby certify that Resolution No. 2009-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 16, 2009, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

2009-_____



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Approving Purchase of Portable Bus/Equipment Lifts from Stertil-KONI, of Stevensville, MD (\$44,632), and Appropriating Grant Funds (\$47,000)

MEETING DATE: December 16, 2009

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt a resolution approving purchase of portable bus/equipment lifts from Stertil-KONI, of Stevensville, MD, in the amount of \$44,632.08, and appropriating grant funds in the amount of \$47,000.

BACKGROUND INFORMATION: A new set of four medium-duty portable lifts are required for the new Municipal Service Center (MSC) Transit Vehicle Maintenance Facility. These four medium-duty equipment lifts, rated at a total of 72,000 pounds lifting capacity (18,000 pounds each), will provide safe lifting capacity for the repair and servicing of City equipment, vehicles, and smaller transit buses and will be utilized on a daily basis.

The funding for the transit shop equipment is from Section 5307 Federal funds (FFY 2004/05). These funds were not expended as planned in previous years and, in accordance with the Federal Transit Administration, need to be expended by September 2010.

City staff recommends the purchase of these portable lifts using the United States General Services Administration (GSA) Cooperative Purchasing Program Contract No. GS-07F-5890R. The actual cost of the portable lifts is \$44,632.08, including tax. Staff recommends appropriating \$47,000 to cover contingencies for installation, start-up and training.

Per Lodi Municipal Code §3.20.045, State and Local Agency Contracts, the bidding process may be waived when it is advantageous for the City, with appropriate approval by City Manager and City Council, to use contracts that have been awarded by other public agencies, provided that their award was in compliance with their formally-adopted bidding or negotiation procedures. Purchasing the medium-duty equipment lifts utilizing the GSA Purchasing Program contract saves the City of Lodi money and time.

FISCAL IMPACT: Purchase of the medium-duty portable lifts for the City's new Transit Maintenance Shop Facility will allow services and repairs to be made more efficiently and safely.

FUNDING AVAILABLE: Requested Appropriation:
 Federal Transit Administration (FTA) Funds (125079) \$37,600 (80%)
 Transportation Development Act (TDA) Funds (125079) \$ 9,400 (20%)

 Jordan Ayers
 Deputy City Manager/Internal Services Director

 F. Wally Sandelin
 Public Works Director

Prepared by Dennis Callahan, Fleet and Facilities Manager
 FWS/DJC/pmf

cc: Dennis Callahan, Fleet and Facilities Manager
 Randy Laney, Fleet Supervisor

Paula Fernandez, Transportation Manager/Senior Traffic Engineer

APPROVED: _____
 Blair King, City Manager

RESOLUTION NO. 2009-_____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING PURCHASE OF PORTABLE
BUS/EQUIPMENT LIFTS AND FURTHER
APPROPRIATING FUNDS

=====

WHEREAS, a new set of four medium-duty portable lifts are required for the new Municipal Service Center (MSC) Transit Vehicle Maintenance Facility; and

WHEREAS, the funding for the transit shop equipment is from Section 5307 Federal funds (FFY 2004/05). These funds were not expended as planned in previous years and, in accordance with the Federal Transit Administration, need to be expended by September 2010; and

WHEREAS, staff recommends the purchase of these portable lifts from Stertil-KONI, of Stevensville, Maryland, using the United States General Services Administration (GSA) Cooperative Purchasing Program Contract No. GS-07F-5890R at a cost of \$44,632.08. Staff recommends appropriating \$47,000 to cover contingencies for installation, start-up and training; and

WHEREAS, per Lodi Municipal Code §3.20.045, State and Local Agency Contracts, the bidding process may be waived when it is advantageous for the City, with appropriate approval by City Manager and City Council, to use contracts that have been awarded by other public agencies, provided that their award was in compliance with their formally-adopted bidding or negotiation procedures.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the purchase of medium-duty portable bus/equipment lifts from Stertil-KONI, of Stevensville, Maryland, in the amount of \$44,632.08, using the United States General Services Administration (GSA) Cooperative Purchasing Program Contract No. GS-07F-5890R; and

BE IT FURTHER RESOLVED that funds in the amount of \$47,000 per appropriated from Federal Transit Administration (FTA) (\$37,600) and Transportation Development Act (TDA) funds (\$9,400).

Dated: December 16, 2009

=====

I hereby certify that Resolution No. 2009-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 16, 2009, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

2009-_____



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Accept Improvements Under Contract for Traffic Stripes, Various City Streets, 2009

MEETING DATE: December 16, 2009

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Accept the improvements under the contract for Traffic Stripes, Various City Streets, 2009.

BACKGROUND INFORMATION: The project was awarded to Chrisp Company, of Fremont, on September 2, 2009, in the amount of \$22,960. As the bid came in well below the estimate and the lane line painting was skipped in 2008 to reduce costs, staff received Council approval to increase the contract to \$31,411.51, consistent with funds budgeted. The contract was completed in substantial conformance with the specifications approved by the City Council.

The contract completion date was November 2, 2009. The final contract price was \$31,248.37. The length of lane line painting completed was 91,867 linear feet. The difference between the approved changed contract price and the final contract price was due to actual field measurements.

Following acceptance by the City Council, as required by law, the City Engineer will file a Notice of Completion with the County Recorder's office. The notice serves to notify vendors and subcontractors that the project is complete and begins their 30-day period to file a stop notice requiring the City to withhold payments from the prime contractor in the event of a payment dispute.

FISCAL IMPACT: This project will assist the Streets and Drainage Division in its continuing effort to maintain the City of Lodi's lane lines for visibility and safety.

FUNDING AVAILABLE: The money for this project came from Measure K Maintenance FY 2009/10.

F. Wally Sandelin
Public Works Director

Prepared by Curtis Juran, Assistant Streets and Drainage Manager
FWS/CJ/dsg

APPROVED: _____
Blair King, City Manager



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Approving Improvement Deferral Agreement for 1820 South Cherokee Lane

MEETING DATE: December 16, 2009

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt a resolution approving the Improvement Deferral Agreement for 1820 South Cherokee Lane.

BACKGROUND INFORMATION: The owner of the property, Wine Country Parking, LLC, has submitted a building permit application (#B09-1048) for a parking lot located at 1820 South Cherokee Lane (APN 062-060-35), as shown on Exhibit A.

The parking lot improvements required by the building permit include, but are not limited to, the installation of curb, gutter, sidewalk, and landscape improvements, as well as adjustment of existing utilities. The owner has requested that the required improvements be deferred since the improvements have not been completed on the adjacent property to the south on Cherokee Lane. These deferred improvements would be made when the adjacent parcel develops, unless needed at an earlier time.

The owner has signed an Improvement Deferral Agreement and paid the necessary document preparation fee and recording fees for the Agreement. The Agreement, in part, states that the owner agrees to pay for and complete the design and installation of the required improvements on Cherokee Lane in accordance with City Standards, including payment for engineering and other applicable City fees.

Staff recommends approval of the Improvement Deferral Agreement.

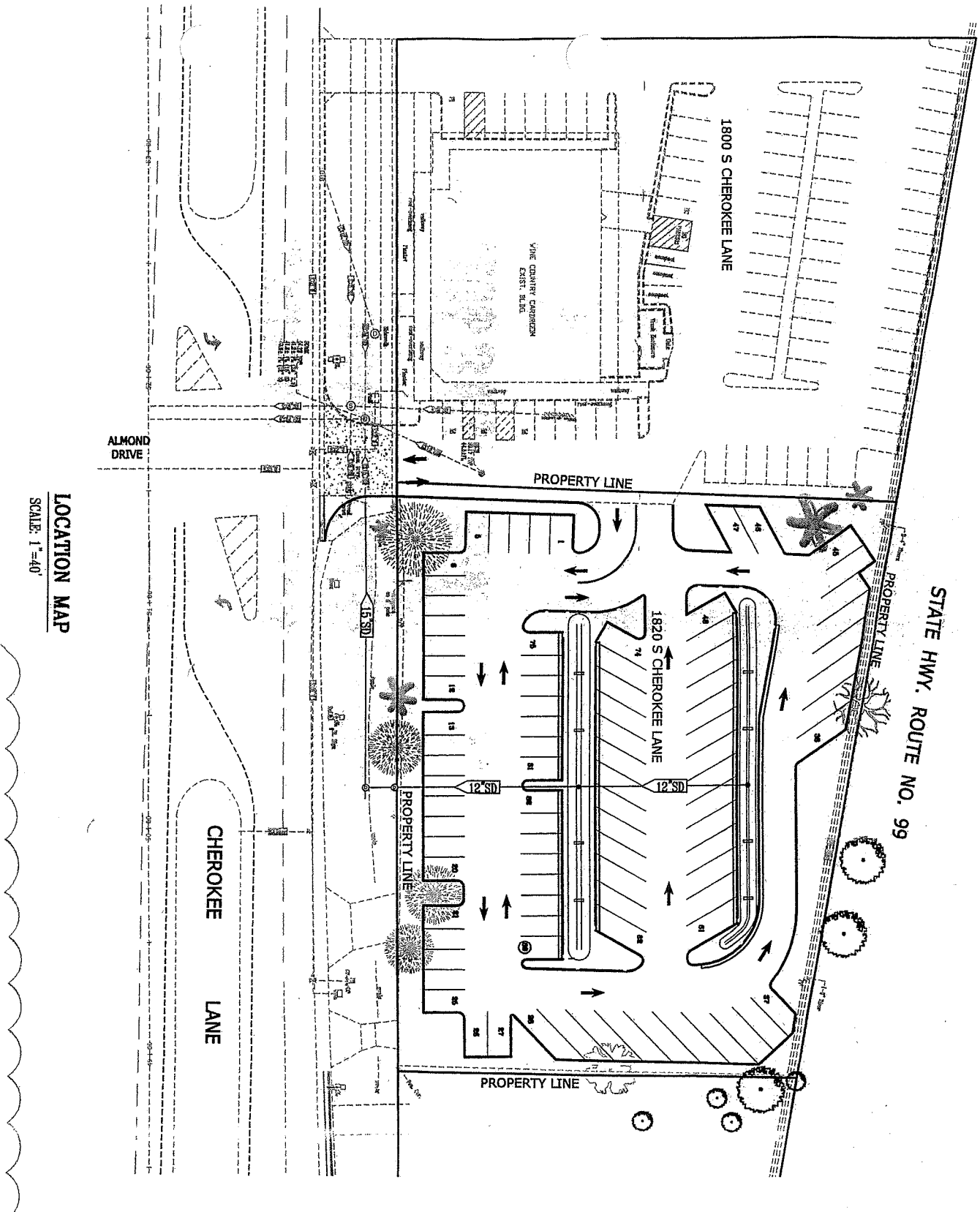
FISCAL IMPACT: None.

FUNDING AVAILABLE: Not applicable. Improvement Deferral Agreement Fee (\$1,810) and recording fees have been paid by the owner.

F. Wally Sandelin
Public Works Director

Prepared by Denise Wiman, Senior Engineering Technician
FWS/DW/pmf
Attachment
cc: Junior Engineer Boyer

APPROVED: _____
Blair King, City Manager



LOCATION MAP

SCALE: 1"=40'

WHEN RECORDED, RETURN TO:

City Clerk
City of Lodi
221 West Pine Street
Lodi, CA 95240

IMPROVEMENT DEFERRAL AGREEMENT

1820 S. Cherokee Lane, Lodi, California
(APN 062-060-35)

THIS AGREEMENT is made and entered into by and between the CITY OF LODI, hereinafter referred to as "City" and Wine Country Parking, LLC, A California Limited Liability Company, hereinafter referred to as "Owner".

RECITALS:

Owner is the owner of that certain real property situated in the City of Lodi, County of San Joaquin, known as 1820 S. Cherokee Lane (APN 062-06-35) and described as follows:

The land referred to is situated in the County of San Joaquin, City of Lodi, State of California, and is described as follows:

PARCEL ONE:

A portion of D. Kettleman Tract, in the City of Lodi, County of San Joaquin, State of California, as per Map recorded in Volume 3 of Maps and Plats, at Page 32, in the Office of the County Recorder of said County, described as follows:

Beginning at a point on the North line of Lot 2 of said D. Kettleman Tract, said point being the Northeast corner of that certain 0.509 of an acre parcel of land described in Deed to State California, recorded September, 26, 1944 in Volume 902 of Official Records, at Page 20, San Joaquin County Records; thence South 8°40'44" East, 369.50 feet, more or less, along the East line of said State of California Property to the South line of said Lot 2; thence South 88°13' East, 176.48 feet along said South line of Lot 2 to the Southwest corner of that certain parcel of land in Deed to the State of California, recorded November 13, 1957, in Volume 2016 of Official Records, at Page 185, San Joaquin County Records; thence North 9°27' East, 372.46 feet along the West line of said State of California property last set forth Deed; thence North 88°13' West, along the North line of said Lot 2 to the point of beginning.

EXCEPT that portion deeded to Leon A. Croce in Deed recorded June 14, 1971 in Book 3540, Page 118, of Official Records.

ALSO EXCEPTING THEREFROM any portion of said premises, conveyed to State of California by Deed recorded September 26, 1944 in Volume 902 of Official Records, at Page 20 and by Deed recorded November 13, 1957 in Volume 2016 of Official Records, at Page 185.

PARCEL TWO:

Together with an easement for roadway purposes over the South 6 feet of the West 148 feet of the following described property:

A portion of Lot 2, as shown upon Map entitled, D. Kettleman Tract, filed for record May 27, 1905 in Volume 3 of Maps and Plats, at Page 32, San Joaquin County Records, described as follows:

Beginning at a point on the North line of Lot 2 of said D. Kettleman Tract, said point being the Northeast corner of that certain 0.509 acre parcel of land described in Deed to State of California, recorded September 26, 1944 in Volume 902 of Official Records, at Page 20, San Joaquin County Records; thence South $0^{\circ}40'$ East along the East line of said State of California property a distance of 111.00 feet; thence South $88^{\circ}10'30''$ East, parallel with the North line of said Lot 2 a distance of 222.12 feet to the West line of that certain parcel of land described in Deed to the State of California, recorded November 13, 1957, in Volume 2016 of Official Records, at Page 185, San Joaquin County Records; thence North $9^{\circ}27'$ East along the West line of said State of California property a distance of 111.89 feet to a point on the Northerly line of said Lot 2; thence North $88^{\circ}10'30''$ West along the North line of said Lot 2 a distance of 241.80 feet to the point of beginning.

Building application (B09-1048) has been submitted to construct a parking lot on the subject property. Installation of public improvements along Cherokee Lane are required as a condition of permit issuance in accordance with existing City ordinances and policies regarding off-site improvements as set forth in Title 15, Chapter 15.44 of the Lodi Municipal Code. Required improvements include the installation of curb, gutter, sidewalk, landscape (turf and irrigation) improvements and adjustment of existing utilities along the Cherokee Lane right-of-way fronting the subject parcel. Owner is desirous of complying with existing City ordinances and policies regarding off-site improvements. However, since the curb, gutter, sidewalk, landscape improvements and adjustment of existing utilities have not been completed on the adjacent properties on Cherokee Lane, Owner has requested that the required improvements be deferred.

Council of the City will approve the deferral of the required curb, gutter, sidewalk, landscape improvements and adjustment of existing utilities on condition that the Owner first enter into and execute this agreement with City.

NOW THEREFORE, in order to insure satisfactory performance by Owner of Owner's obligations under said City Code, the parties agree as follows:

1. Owner agrees to pay for and complete the design and installation of the required improvements on Cherokee Lane in accordance with City Standards, including payment for engineering and other applicable City fees, at the time of development of adjacent parcels, or at the request of the City, whichever occurs first.
2. Owners agrees to dedicate the necessary easements to allow construction of the said improvements at the time such improvement installation is required.
3. Owner agrees to undertake the design and construction of the required improvements within 90 days after written notice is given by the City, and will complete the required improvements within 180 days from the date of notice.
4. This agreement shall run with the land and be binding on the Owner, its heirs, successors or assigns.
5. If Owner fails to complete the required improvements within the time period specified in Item #3 above, the City is hereby authorized to complete the improvements at the expense of Owner, and may file suit against Owner, its heirs, successors or assigns for the costs incurred, as well as for a reasonable sum to be allowed as and for the City's attorney fees incurred in connection with such litigation for the collection of the monies due or may file a lien against said property for the costs incurred.
6. A copy of the Agreement shall be recorded in the office of the San Joaquin County Records, P. O. Box 1968, Stockton, California 95201-1968.
7. All notices herein required shall be in writing, and delivered in person or sent by registered mail, postage prepaid.

Notices required to be given to City shall be addressed as follows:

F. Wally Sandelin
Public Works Director
City of Lodi
P. O. Box 3006
Lodi, CA 95240-1910

Notices required to be given to Owner shall be addressed as follows:

Wine Country Parking, LLC
1820 S. Cherokee Lane
Lodi, CA 95240

IN WITNESS WHEREOF, the parties hereto have set their hands the day, month and year appearing opposite their names.

CITY OF LODI, a Municipal Corporation

Dated: _____

By: _____
Blair King, City Manager

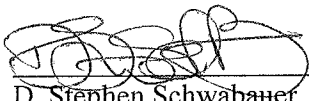
Attest: _____
Randi Johl, City Clerk

Owner(s)

Wine Country Parking, LLC
A California Limited Liability Company

Dated: _____

APPROVED AS TO FORM:



D. Stephen Schwabauer, City Attorney

Dated: Dec 8 2009

RESOLUTION NO. 2009-_____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING IMPROVEMENT DEFERRAL AGREEMENT
FOR 1820 SOUTH CHEROKEE LANE

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the Improvement Deferral Agreement for 1820 South Cherokee Lane between the City of Lodi and Wine Country Parking, LLC; and

BE IT FURTHER RESOLVED that the City Council does hereby authorize the City Manager to execute the Improvement Deferral Agreement on behalf of the City of Lodi.

Dated: December 16, 2009

=====

I hereby certify that Resolution No. 2009-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 16, 2009, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

2009-_____



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt a Resolution Authorizing Necessary Appropriations for the Lodi Solar Rebate Program for Calendar 2010 (\$847,000) (EUD)

MEETING DATE: December 16, 2009

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution authorizing necessary appropriations for the Lodi Solar Rebate Program for Calendar 2010.

BACKGROUND INFORMATION: Senate Bill (SB1), otherwise known as the "California Solar Initiative" (CSI), was enacted into state law in August 2006. The CSI requires all electric service providers in the state to give rebates for installing eligible photovoltaic (solar) systems. CSI began January 1, 2008. The City of Lodi is in compliance and is prepared to enter the third year of this 10-year program. The program is administered on a calendar-year basis.

Lodi's mandated rebate dollars over the 10-year program period is approximately \$6 million, based on a formula in SB1 using energy sales in fiscal year 2005-2006. Lodi budgets \$600,000 annually, plus unspent carryover funds. On September 19, 2007, the City Council adopted Resolution No. 2007-191, approving Lodi's ten-year program and authorizing the Electric Utility Director to implement the program and adjust it to comply with the spirit of SB1 and to promote customer satisfaction.

Of \$1.2 million for the first two program years, a total of \$953,000 has been spent on rebates and program marketing or has been reserved by customers. The result is a "carryover" amount to 2010 of \$247,000. \$600,000 in new 2010 rebate funds plus the carryover funds, makes \$847,000 the total amount available for rebates in 2010. Of this amount, \$820,000 will be earmarked for customer rebates and \$27,000 for program marketing, customer education and outreach, which are expenses allowed under the state law.

2010 program requirements and guidelines are shown in Attachment A.

FISCAL IMPACT: \$847,000. The program is funded via the California Solar Surcharge, a Lodi Electric Utility rate tariff ordained by Ordinance 1802.

FUNDING: Appropriate Solar Surcharge revenue into Solar Rebate Account No. 166601.8098

Jordan Ayers
Deputy City Manager

Kenneth A. Weisel
Interim Electric Utility Director

Prepared By: Rob Lechner, Manager, Customer Service & Programs
KAW/RSL/lt
Attachment – 'A'

APPROVED: _____
Blair King, City Manager



Attachment 'A'

2010 Lodi Solar Rebate Program

- Term: January 1, 2010 to December 31, 2010
- Rebate/incentive program budget for 2010: \$820,000
- Rebates only provided for solar systems installed AFTER January 1, 2010
- Rebates provided *after* system is installed and confirmed operational by the City of Lodi and Lodi Electric Utility (LEU)
- Customer must apply for a rebate before installation. A rebate application will hold the customer's place in line for available funds for up to ninety (90) days
- To reserve funding for a rebate, the customer must submit 1) a signed sales contract from their chosen solar installation contractor, 2) a completed rebate application and 3) documentation showing that an energy audit has been performed on their property (for residential customers only)
- Rebate for 2010 program year is capped at \$2.42/watt, which is \$2420/kW; for 2010, rebates will be determined utilizing the EPBB calculator at:
 - www.csi-epbb.com
 - once there, click on 'CSI Standard PV – Current Calculator'
 - once there, make sure to use 'PG & E' as the utility
 - rebate in 2010 will be the CSI Rating in kW, times \$2420/kW
- Maximum rebate is up to \$375,000 per system, with a cap payment of \$75,000 per customer per year until entire rebate commitment is paid (Note: in the event rebate funds are available as of December 15, the utility may accelerate payments to the customer.)
- Panels must be installed per LEU engineering specifications, and comply with any state requirements
- Should either rate class (residential or non-residential) fail to utilize its share of funding by October 1, 2010, then customers from another rate class may access those rebate funds
- Solar systems with rebate funds reserved, but confirmed operational between December 15 and December 31, 2010, will receive the rebate in and at the rate of the 2011 program.
- Program funds unused and unreserved in any one year may be used for City of Lodi solar projects or otherwise will be carried forward to the next year or future years
- Residential customers must consent to on-site energy audit or must perform an on-line energy audit, and submit to the utility for record-keeping purposes
- Non-residential customers are encouraged to conduct an energy audit
- Customers will relinquish all environmental and capacity attributes, including, but not limited to, "renewable energy credits" and "Greenhouse Gas credits" to LEU
- Customers will be paid for electric energy provided to LEU from the installed solar systems pursuant to the Net Metering and Co-Metering rate schedules, as appropriate
- All customers must complete and sign an electrical interconnection and payment agreement before rebate is issued
- LEU reserves the right to amend the solar rebate program from time-to-time, as appropriate

RESOLUTION NO. 2009-_____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING
THE CITY MANAGER TO EXTEND THE LODI SOLAR REBATE
PROGRAM FOR CALENDAR YEAR 2010, AND FURTHER
APPROPRIATING FUNDS NOT TO EXCEED \$847,000

=====

WHEREAS, the California State Legislature and the Governor of California enacted the California Solar Initiative (Senate Bill 1), in 2006; and

WHEREAS, the California Solar Initiative requires all electric service providers to maintain a solar rebate program for ten years, commencing January 1, 2008; and

WHEREAS, the Lodi City Council has adopted Resolution No. 2007-191, approving Lodi's ten-year program and authorizing the Electric Utility Director to implement the program and adjust it to comply with the spirit of SB1 and to promote customer satisfaction.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby authorizes the City Manager to extend the Lodi Solar Rebate Program for Calendar Year 2010; and

BE IT FURTHER RESOLVED, that the City Council further approves appropriating funds in an amount not to exceed \$847,000 from the California Solar Surcharge revenue to the Solar Rebate Account No. 166601.8098 for the Lodi Solar Rebate Program for rebates to customers for installing solar systems on their property, program marketing, customer education and outreach.

Dated: December 16, 2009

=====

I hereby certify that Resolution No. 2009-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 16, 2009, by the following Vote:

AYES: COUNCIL MEMBERS -

NOES: COUNCIL MEMBERS -

ABSENT: COUNCIL MEMBERS -

ABSTAIN: COUNCIL MEMBERS -

RANDI JOHL
City Clerk



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Accept Water Meter Program Privately-Contracted Meter Installation Guide

MEETING DATE: December 16, 2009

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Accept Water Meter Program Privately-Contracted Meter Installation Guide.

BACKGROUND INFORMATION: Assembly Bill 2572, adopted in 2004, requires water meters for all connections to be installed by 2026. Over the course of the past four years, City Council has taken several actions and received considerable information regarding the installation of water meters throughout the community and the implementation of usage-based water rates. At this time, staff is requesting that City Council accept the Water Meter Program Privately-Contracted Meter Installation Guide (Guide) in order to activate the self-installation period.

At the May 2, 2007 City Council meeting, the Water Meter Retrofit Policy was adopted. The primary objectives of the Water Meter Retrofit Policy were to accelerate the installation of residential water meters and shorten the time period during which customers would be paying for water on a flat rate versus a usage basis. The first phase of the program is the self-installation period as represented in the program schedule below.

Self-Installation Period	January – December 2010
Install Pre-Paid Meters	Completed except for 624
Install All Meters	By December 2013
Adopt Advisory Water Rates	December 2009
Adopt Final Water Rates	December 2010
Issue Usage-Based Water Bills	January 2011 – 2,900 customers
	January 2012 – 6,900 customers
	January 2013 – 9,800 customers
	January 2014 – 16,300 completed

The Guide (Exhibit A) establishes the procedures and requirements for property owners to follow if they choose to accelerate the installation of their water meters. Requirements presented in the Guide are almost identical to the requirements to be placed on the contractor(s) that will install meters during the 2011 – 2013 period under a City contract. An important exception is there are no prevailing wage requirements in the Guide. Staff does not represent that costs of installing a meter under the Guide provisions will be higher or lower than the price obtained through City bidding procedures. The pricing structure for installing more than 13,000 meters would be advantageous over single-installation pricing.

APPROVED: _____
Blair King, City Manager

A brief summary of the Guide's important elements is provided below.

1. A contractor licensed in the State of California is required.
2. Insurance and warranty bond (in the amount of the contract) is required.
3. Properties are ineligible if the existing service is in the backyard and the transmission main in the backyard is scheduled to be relocated to the fronting street.
4. A no-cost encroachment permit is required from Public Works and inspections will be provided at no cost.
5. A plumbing permit (estimated cost \$75) is required from the Building Division if there are any modifications to the service piping.
6. A ¾-inch water meter and electronic radio transmitter will be sold by the City at the Municipal Service Center at a price of approximately \$300.
7. A one-year warranty period is required that begins upon sign-off of the encroachment permit.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

F. Wally Sandelin
Public Works Director

FWS/pmf
Attachment

Privately-Contracted Meter Installation Guide

In compliance with State of California policy and regulations and as directed by the Lodi City Council, this guide has been prepared to inform property owners within the City of Lodi (City) of the opportunity to arrange for their water meter to be installed by a qualified contractor of their choice. This optional method for meter installation is only available during 2010. If a property owner elects to participate in this optional self-contracting program, he or she will be taking on significant responsibilities and the cost for the work of installing a meter, including the cost of the meter, modifying a water service line and repairing damage caused by them or their contractor to any City-owned facilities and improvements. Those property owners who elect not to participate will have their water meter installed under a City public works contract that will be constructed by a City contractor beginning in 2011 and complete by the end of 2013.

The information provided in this guide is intended to assist property owners in making a decision whether to participate in the optional privately-contracted meter installation program and to disclose the responsibilities and costs that would be placed on property owners who do choose to participate. Note that all residential properties within the City limits are required to be metered under the City's residential water meter program.

1 Introduction to the City of Lodi Water Meter Program

The following is intended to provide some background and basic information for the residential Water Meter Program.

1.1 What is the Water Meter Program?

- The vast majority of water connections in the City are unmetered, and water customers are charged flat rates for water based on the number of bedrooms in the dwelling unit.
- City is embarking on a four year program (2010 through 2013) to install water meters for all unmetered residential water service connections in the City
- Program is concurrent with a capital improvement project that would relocate and upsize existing undersized water mains located in rear yard easements.

1.2 Why is the City implementing the Water Meter Program?

- In 2004, the State Legislature passed and the Governor signed into law Assembly Bill 2572 requiring metering of all water services by January 1, 2025. These requirements are contained in Water Code Section 527.
- Lodi City Council voted to accelerate compliance with State law in May 2007.
- Metering of water usage will help promote water conservation and will provide more equitable billing based on actual usage than the current flat rate water billing system.

1.3 How will the City implement the Water Meter Program?

- The program will be implemented over four years (2010 through 2014), during which time all residential water customers within the City will be converted from a flat rate water bill to usage based water bill.

- The City Council has determined that property owners who qualify will be given a one year opportunity to arrange for their own installation of water meters; this Privately-Contracted Meter Installation program will be in effect until the end of December 2010.
 - The details of eligibility to privately contract for water meter installation are provided later in this document (Section 3).
 - Not all residential properties are eligible.
 - Eligible property owners who elect to privately contract for meter installation will be required to hire a qualified contractor and obtain applicable permits from the City, and will bear the entire cost for installation and permitting directly. Further, eligible property owners who pursue this option will be responsible for any additional City costs to repair damage to City facilities and improvements caused the property owner's meter installation contractor.
- For those property owners who elect **not** to privately contract for their meter installation, the City will install your meter during the three year period from January 2011 to December of 2013.
 - Installations of new meters and, in some areas, new water mains, will be performed in approximately three phases, roughly one phase for each year of the Water Meter Program. The properties included in each phase have not yet been determined; however each property owner will be informed well in advance of construction.
 - Property owners who elect to have the City install their meter, or who are not eligible for privately contracted meter installation, will be billed by the City for the cost of meter installation. This cost will vary depending on the existing water service connection at a given property, as described in Section 4.
 - Under the City-Installed option, property owners would choose between a one-time payment in full or amortized payments over time at a low interest rate, which would be added to the monthly water bill or billed separately if the dwelling unit is not owner-occupied.

1.4 How much will it cost to have a Water Meter installed?

- The cost of meter installation will vary depending on whether you privately contract for your meter installation or have the City install your water meter for you. Refer to Section 4 for additional details. In either case, property owners are responsible for the cost of installing a new meter. Under the Privately Contracted Meter Installation option, property owners are also subject to City permit fees and potential City repair costs should there be any damage to or impacts on the City water system resulting from the privately contracted meter installation work.

1.5 Am I required to participate?

- Only the few properties that already have water meters are exempt (these properties have already paid the meter and installation cost). These properties typically include new homes and existing homes that have undergone significant improvements since 1992.
- All properties without water meters are required to have a meter installed, and to pay all applicable permitting and installation fees, to continue their water service.
- Participation is mandatory for all property owners. Tenants are not responsible for meter installation. Tenants will continue to receive notices regarding the project, however, to keep

tenants informed of construction progress. Tenants may want to discuss water meter costs with the property owners relative to leases or rental agreements.

1.6 How will this impact my water bill?

- Once meters are installed and meter reading begins, water bills will transition from a flat-rate to a usage-based pricing system. Because the new water bills will be usage based, each month's bill will vary, and the average bill for the year may be higher or lower than the current flat rate bill, depending upon water usage. Flat rate and usage based bill comparisons will be provided for a period of time prior to the transition to usage based water bills. All property owners will be billed based on water usage basis starting no later than December 2014.

1.7 How else might I be impacted by this project?

- Installation of new water mains and water meters by the City will require construction in City streets and at over 13,000 residential properties between March 2011 and November 2013. This construction will create some disturbances, though every effort will be made to minimize disruption to the community. The City will send future notifications to property owners and residents to keep you informed of our progress and to let you know when we anticipate construction activities in your neighborhood.
- During construction, it may be necessary to temporarily discontinue water service to some properties for short periods of time during meter installation and water main relocation. These outages typically can last from 4 to 6 hours. The City will send notifications to property owners and residents in advance of these disruptions to allow you to make appropriate arrangements for a short interruption in water service.
- In many cases, installation of a new water meter will require only minor construction in the front or rear yard of a property, with minimal disruption to existing landscaping. However, construction impacts may be greater if the existing water service line is relocated from the property's rear yard to its front yard when the rear yard water main is relocated, or if relocation of the service is required for some other reason. The City will contact property owners during the design for each construction phase to identify these cases and potential impacts to existing landscaping, walkways or driveways.

1.8 Who can I call if I have questions or concerns?

- Contact the Water Meter Program Administrator:
 - Mr. Tom Dugan, Program Administrator
 - Phone: (209) 333-6706
 - Hours: Normal business hours (M-F, 9:00 AM to 5:00 PM).
 - Email: pwdept@lodi.gov

2 Getting Started

The following presents the Privately Contracted Meter Installation program and requirements. Property owners should review this information carefully in considering whether to select this option for water meter installation.

2.1 Forms and Information

The following attachments to this Guide are provided to assist property owners in determining whether to pursue private contracting for meter installation.

- Encroachment Permit Application and General Provisions
- Building Permit Application
- Water Meter Installation Standard Details and Specifications
- Minimum Private Contract insurance Requirements
- City of Lodi Public Works Department Fee and Service Charge Schedule
- Warranty Security Letter of Credit Form

2.2 How to Identify Your Existing Water Service

Each property owner must identify the type of water service that serves their property. This is required to assess eligibility for the privately contracted meter installation option.

- The first step in determining whether to participate in this option is to make sure the property has not already paid for a water meter. The Program Administrator can assist with determining which properties are on record as having paid for a meter. If your property is one of these, then you do not need to participate and you will not be charged for a meter installation. Property owners may have receipts and records that can serve as proof of payment. Copies of these documents should be provided to the Program Administrator to reconcile with the City's records.
- Both your eligibility for Self Installation and your cost for the City-installed option are dependent of the type of existing water service at your property. Determining the type of connection requires finding an existing valve box (Rich Box) or meter box in the front or rear yard of your property.
- The majority of water connections are located in the front yard of a property. Start there when locating your service connection. Refer to Figure 1, which illustrates typical water service installations and their locations.
- If you cannot locate the connection in the front yard, it may be located in the rear yard of your property. Existing rear yard connections will be Rich Boxes. Refer to the descriptions and photos in Figure 1 above for help in identifying a Rich Box connection in your rear yard.
- If you cannot determine where your connection is located (front or rear yard) or what type of connection is currently installed, please contact the Program Administrator for assistance. Please, attempt to determine the type of meter connection you have before calling, as investigating this on your own will take only a few moments in most cases.

2.3 Deciding to Privately Contract for Meter Installation

- Not all properties are eligible for private contracting for meter installation. Refer to Section 3 for details.
- If your property is eligible, carefully consider the requirements and responsibilities outlined in Section 3, as property owners who elect to privately contract are agreeing to carry out the project in accordance with specific requirements and City codes and agree to accept financial risk should the work result in damage to City facilities, requiring City repairs. Should complications arise during construction, the cost to complete the project may exceed the cost to have the City install your meter for you.
- Should you elect to privately contract, please return the included *Notice of Intent to Privately Contract* to the Program Administrator and await confirmation as described in Section 3.



Figure 1 Identifying The Existing Water Service Connection

Program Administrator
Tom Dugan: (209) 333-6706
pwdept@lodi.gov

Locating your existing connection

Examine the exterior perimeter of the house for pipes penetrating the wall (3/4-inch to 1 ½-inch pipe). If identified, the service connections will normally extend perpendicular from the house to the sidewalk, backyard fence, or alley. Walk perpendicular from the house and examine the areas described to the right.

If electrical poles are present within backyard, this likely means there is a Public Utility Easement (PUE) within your backyard. The service connection would be located within that PUE.

Common problems with locating a water service connection:

- A box may have become buried
- A structure (shed, deck, planter, driveway) may have been constructed over the box
- The box top may have been broken, plugged or become misplaced
- A box may be covered by bushes or other plants and landscaping

Front Yard



Typically located behind the sidewalk, within 3-ft, on the property. May be located in driveways, walkways, landscaping or edge of street

Rear Yard



Typically located within 3-ft of property line (rear fence commonly defines the property line)

Some backyards may backup to an alley.

Side Yard/Alley



Typically located within 3-ft of property line (rear fence commonly defines the property line)

Some alleys may run along the side of a house which may be where meter boxes or Rich Boxes are located.



Can't find your connection?
Contact the Program Administrator for assistance.

Identifying the type of connection

Houses constructed pre-1979 will likely have a Rich Box connection located in backyard easements or alleys. Houses that have undergone significant renovations (remodels, pools) may have a meter box as a permit requirement.

Houses constructed post-1979 likely have a meter box, typically located in the front yard.

The City may have installed a meter box if the water service was recently repaired by City crews.

Meter Box



Approximate Dimensions:
36-inch by 22-inch
May be labeled:
"Water" or "Water Meter"

Rich Box



Approximate Dimensions:
5 ½ inch diameter
May be labeled:
"Water"

- Should you elect to have the City install your meter, you are not required to do anything at this time. The Program Administrator will contact you via notices and mailings in the future to determine your preference for payment (one time or monthly payments) and to update you on the schedule for the project.

3 Privately Contracting for Meter Installation

3.1 Determining Eligibility

- For those owners of eligible properties who elect to privately contract for their meter installation, the period for privately contracted meter installation will expire on December 31, 2010. All construction must be completed by the property owner's qualified contractor and inspected and accepted by the City by January, 2010.
- Eligibility can be determined using the following Flow Chart No. 1.
- If a property owner is in possession of a building permit that has required payment for City forces to install a meter at the property, the property owner is eligible to select the private contracting option as set forth herein. Your payment to the City would be refunded.
- If a property owner is in possession of a building permit that has required it to pay for City forces to install a meter at the property, the property owner can wait until the City installs the meter as part of the meter program. The property owner's payment for the meter would be refunded, but would later be charged for the meter installation as required under the Water Meter Program.
- Important notes:
 - Only property owners can elect to privately contract for water meter installation. Tenants are not responsible for water meter installation
 - Rear yard connections are potentially eligible for private contracting of meter installation. Only those water services connected to 6-inch and larger rear yard water mains are eligible. Those properties connected to smaller than 6-inch mains are not eligible for privately contracted meter installation because these water services will be relocated by the City to the front yard and connected to a new replacement water main to be constructed in the street. The undersized rear yard main will then be abandoned.

3.2 Privately Contracting for Meter Installation Process, Requirements and Responsibilities

- The process for applying for and performing the privately contracted meter installation is depicted in Flow Chart No. 2.
- Important notes:
 - Upon deciding to privately contract for meter installation, the property owner must complete, sign and return the *Notice of Intent to Privately Contract* postcard included at the end of this guide to the Program Administrator.
 - Owners of eligible properties must return this notice no later than December 1, 2010 to allow adequate time for verifying eligibility and the permitting and meter installation process. The City also intends to assign meter inspection times to avoid a logjam of meter installations at the end of the year.
 - A condition assessment of the property's water service will be scheduled by the Program Administrator after receiving the *Notice of Intent to Privately Contract*. The condition assessment will verify that the water service meets the eligibility criteria and that the

City of Lodi Water Meter Program

Privately Contracted Meter Installation Guide

work can be performed with low risk of contamination of the City's potable water distribution system.

- Do not proceed with privately contracting for your meter installation until you have received confirmation from the Program Administrator that you are eligible.
- By electing to privately contract for meter installation, property owners are agreeing to fulfill many important requirements and responsibilities.
 - An Encroachment Permit must be obtained prior to or upon purchasing the water meter at the Municipal Services Center. A separate building permit may also be needed.
 - The property owner is responsible for finding and hiring a licensed, bonded and insured contractor to perform this work.
 - Required California contractor's license shall be Class C36 or better
 - Bonds are required at the value of the construction contract
 - Insurance requirements (\$1,000,000)
 - For additional information on licensed contractors in the State of California, contact the Contractors Licensing Board (website: www.cslb.ca.gov).
 - All installations must be done in accordance with City of Lodi Standard Plans and Construction Specifications. City Standard Plans can be obtained at no cost from the City's website: <http://mapguide.lodi.gov/depts/pw/std/stdplans.html> or for \$20 at the Public Works Department. The Standard Construction Requirements are only available at the Public Works Department at a cost of \$20.
 - This construction will impact a public water supply source. Installation must comply with applicable health and safety codes (refer to the Standard Plans and Construction Specifications).
 - Property owner is responsible for all building permit fees (See Section 4) and for obtaining all required inspections.
 - The property owner assumes all risk for damage to the City's water system, including damage to existing isolation valve at the point of connection to the main or at existing Rich Box. The City may treat damages as emergency situations, and respond to repair such damages as required. Any work performed by the City will be billed to the property owner on a time and materials basis.
 - The property owner is responsible for all modifications to and restoration of existing landscaping on the property.
 - The property owner is responsible for obtaining a water meter from the City. Once the property owner obtains the meter, the property owner assumes responsibility for maintaining the meter in good condition through installation. Replacement meters will result in additional costs to the property owner.
 - Property owner is responsible for ensuring that Underground Service Alert (USA) is contacted prior to any excavation, as required by California law.

4 Cost of Meter Installation and Payment Options

4.1 Private Contracting for Meter Installation

- Property owners selecting this option for meter installation should contact a qualified construction contractor to obtain a price quote for the work. The property owner is responsible for all aspects of finding and contracting with its contractor. See Section 3 for contractor minimum qualifications and other requirements. Permit fees will be paid directly to the City, in accordance with the Payment Schedule shown below at the time of submitting permit application. Refer to Section 2 for help in identifying the existing meter installation type.
- Additional City costs associated with any damage or repairs required due to the property owner's contractor will be charged to the property owner based on the City of Lodi Public Works Department Fee and Service Charge Schedule attached at the end of this guide.

**Privately Contracted Meter Installation Option
Payment Schedule for Property Owners Not Prepaid**

Installation Type	Cost of Meter	Cost of Construction	Encroachment Permit Fee	Building Permit Fee
Standard meter box with no meter installed ⁽²⁾	\$200 ⁽²⁾	Contact a Contractor for Quote	\$78	Exempt
Non-standard meter box with no meter installed ⁽³⁾	\$450 ⁽²⁾	Contact a Contractor for Quote	\$78	Exempt
Rich Box in front yard, no other plumbing modifications	\$200 ⁽²⁾	Contact a Contractor for Quote	\$78	Exempt
Rich Box in front yard, service relocation or other plumbing modification	\$200 ⁽²⁾	Contact a Contractor for Quote	\$78	\$75
Rich Box in rear yard	\$200 ⁽²⁾	Contact a Contractor for Quote	\$78	\$75

Notes:

- Assumes no plumbing modifications are required to install meter.
- Purchase price of meter and radio transponder from City of Lodi will be based on actual purchase cost plus a fifteen percent handling fee.
- Non-standard items include box size, cover material, plumbing ready to accept standard meter, box condition, and vertical elevation change for piping.

4.2 City-Installed Meters

- Property owners who elect to have the City install their meter, or who own properties that are not eligible for Self Installation, will be billed in accordance with Payment Schedule shown below. Refer to Section 2 for help in identifying the existing meter installation type.

City of Lodi Water Meter ProgramPrivately Contracted Meter Installation Guide

**City Installed Meter Installation Option
Payment Schedule for Property Owners Not Prepaid**

Installation Type	Estimated Cost if Paid in Full (Single Payment in Full)	Estimated Cost if Paid in Monthly Installments (Monthly for 3 years)⁽⁴⁾
Standard meter box with no meter installed ⁽¹⁾	\$200 ⁽²⁾	\$6
Non-standard meter box with no meter installed ⁽³⁾	\$450 ⁽²⁾	\$14
Rich Box in front yard	\$1,200 ⁽²⁾	\$36
Rich Box in rear yard	\$1,200 ⁽²⁾	\$36

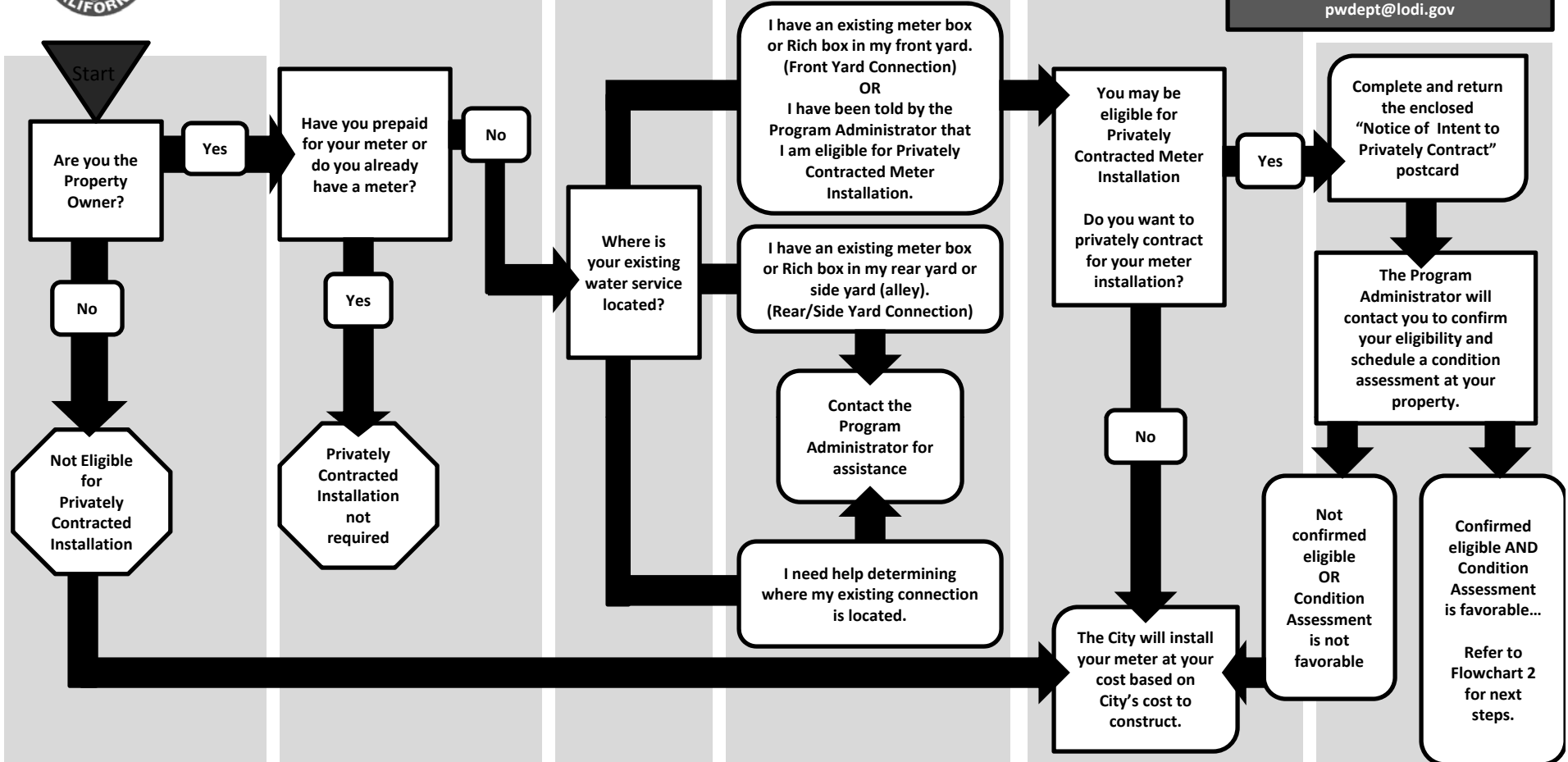
Notes:

1. Assumes no plumbing modifications are required to install meter.
 2. Purchase price of meter and radio transponder from City of Lodi based on actual purchase cost plus a fifteen percent handling fee.
 3. Non-standard items include box size, cover material, plumbing ready to accept standard meter, box condition, and vertical elevation change for piping.
 4. Monthly meter payment calculated based on 4% interest per year and 36 equal installments.
- For the City-installed meter option, property owners can elect a one-time payment, in full, prior to construction or may elect to pay in monthly installments over a 3 year period. The City will contact you in the future to determine which payment plan is desired. The extended payment plan is subject to change.



Flow Chart 1: Eligibility Chart Privately Contracted Meter Installation (Single Family Residences)

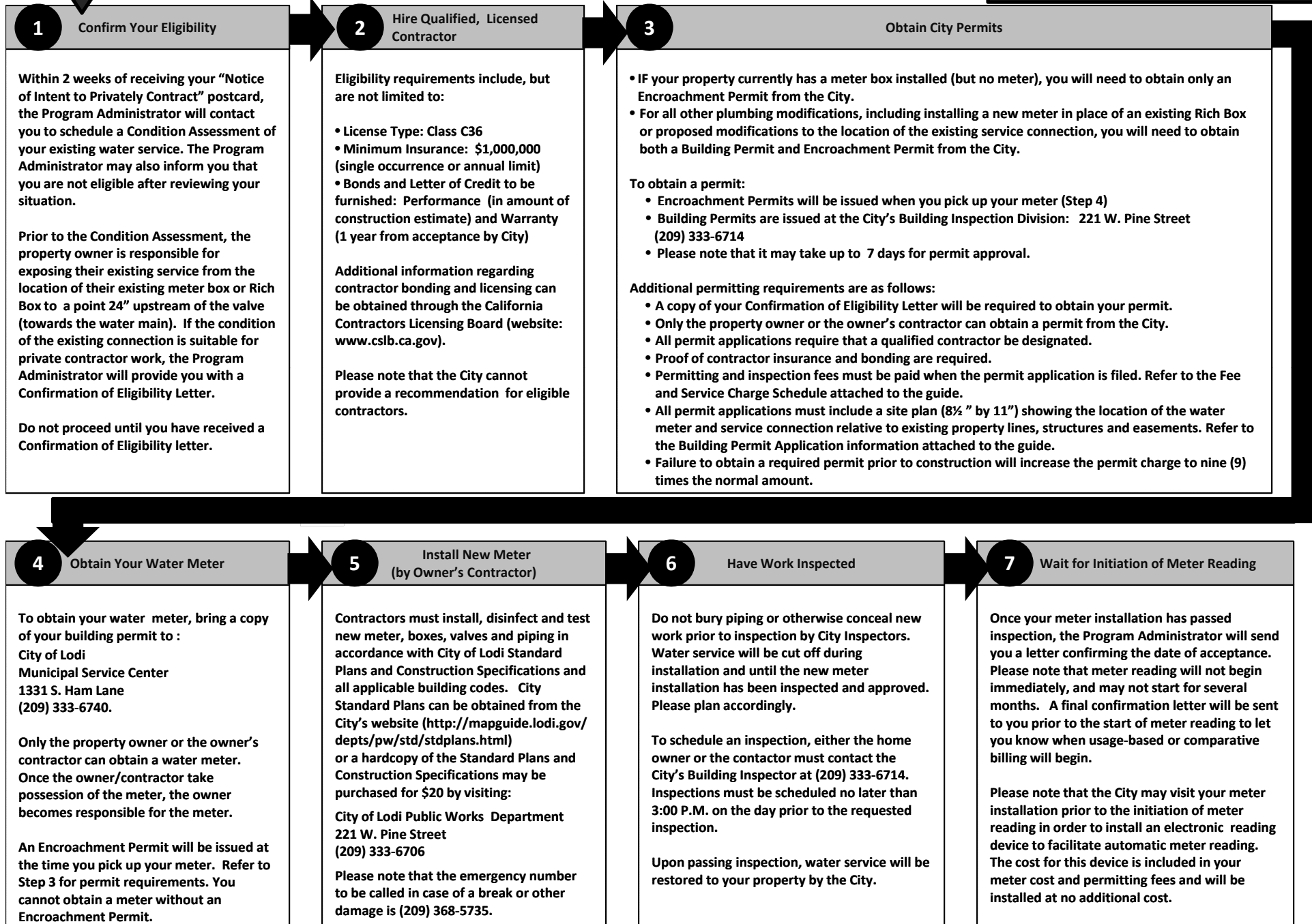
Questions?
Contact the Program Administrator
Tom Dugan at (209) 333-6706
pwddept@lodi.gov



Additional Information	Additional Information	Additional Information	Additional Information	Additional Information	Additional Information
Only the property owner can elect Privately Contracted Meter Installation option.	If you already have a meter, you do not need to do anything at this time. If you have prepaid for a meter, the City will install a meter for you at no additional charge. You do not need to do anything at this time.	Refer to Section 2 of the guide for help in locating your existing connection.	Some, but not all, rear-yard and side yard connections will be eligible for private meter installation. This depends on the water main serving your property. Please contact the Program Administrator if you have a rear or side yard connection and wish to pursue privately contracting for installation.	Be sure you understand all of the requirements and responsibilities of the private contracting option prior to making this decision. If the City will install your meter, the City will contact you regarding payment options at a later date. You do not need to do anything at this time.	If you choose to pursue private contracting for meter installation, the Program Administrator will confirm your eligibility after receiving your Notice Of Intent and schedule a Condition Assessment to determine if your existing connection can be worked on by a private contractor.

Flow Chart No. 2: Privately Contracted Meter Installation Process

Program Administrator
Tom Dugan at (209) 333-6706
pwdept@lodi.gov



Attachments

1. Encroachment Permit Application and General Provisions
2. Building Permit Application
3. Water Meter Installation Standard Details and Specifications
4. Minimum Private Contract insurance Requirements
5. City of Lodi Public Works Department Fee and Service Charge Schedule
6. Warranty Security Letter of Credit Form
7. *Notice of Intent to Privately Contract* Postcard

Attachment 1 – Encroachment Permit Application and General Provisions



City of Lodi

Public Works Department

Encroachment Permit Application (Construction)

Permission is requested to encroach on the City of Lodi's Right of Way as follows: (Complete all items. Use NA, if not applicable. Application is not complete until all required attachments are included.)

1. **Permit Address or Street Name** _____
2. **Cross Street** (Distance and direction from site) _____
3. **Applicant** _____

Name	Address	City	State	Zip	Phone No.
------	---------	------	-------	-----	-----------
4. **Contractor** _____

Name	Address	City	State	Zip
Office Phone No.		Cellular Phone No.		License No.
5. **Estimated Start Date** _____ **Estimated Completion Date** _____
6. **Estimated Cost in City Right-of-Way** (Excluding material costs) _____
7. **Work Description** (Fully describe work within City's Right-of-Way, including any street or lane closures. Attach separate sheet if necessary. Attach complete plans, specifications, calculations, maps, etc., where applicable.):

8. Additional Information (Check one or more of the following):

- ☐ **Sidewalk Replacement/ Installation:** Length _____ Lineal feet Sidewalk Width _____ feet (Excluding curb)
- ☐ **Driveway Replacement/ Installation** (Check one):
- ☐ Residential Width _____ Lineal feet
- ☐ Commercial Width _____ Lineal feet
- Gutter Type** (Check one if applicable):
- ☐ Square (15" gutter) ☐ Vertical (24" gutter)
- ☐ Rolled ☐ Driveway ☐ Other _____
- ☐ **Utility Work**
- ☐ **Excavation** ☐ **Directional Boring** ☐ **Other** _____
- Max. Depth _____ Avg. Depth _____ Avg. Width _____ Length _____
- Surface Type _____ **Conduit:** Type _____ Diameter _____
- ☐ **Other** (Describe): _____

The undersigned agrees to indemnify and save the City of Lodi free and harmless from any liability in accordance with the provisions of Lodi Municipal Code (LMC) Sec. 12.04.040. Permittee is specifically aware of LMC Sec. 12.04.290 thereof relating to the relocation or removal of said encroachment if future construction requires such relocation. Permit void if work not started within 6 months of permit date. The undersigned agrees and understands that a permit can be denied or a bond required for non-payment of prior or present permit fees, that the work will be done in accordance with City of Lodi rules and regulations subject to inspection and approval. Permit application fees are non-refundable. If the work for which this permit has been issued has not been completed within 6 months of permit date, the City of Lodi shall have the right to complete the work, and to file a Cause of Action to recoup the City's expenses in completing the work and for all other costs and fees in accordance with the provisions of the Lodi Municipal Code Section 12.04.120.

DATE _____ SIGNED _____

OFFICE USE ONLY		PERMIT STATUS:	FEE: _____
PERMIT NO. _____	<input type="checkbox"/> PENDING <input type="checkbox"/> FINAL		Minimum amount (Balance to be collected at permit issuance)
DATE & TIME RECEIVED _____	<input type="checkbox"/> DENIED/WITHDRAWN		TOTAL FEE: _____

CITY OF LODI ENCROACHMENT PERMIT

GENERAL PROVISIONS

1. **REVOCATION:** This permit issued by the City of Lodi shall be revocable upon any violation of the provisions as hereinafter provided.
2. **ACCEPTANCE OF PROVISIONS:** It is understood and agreed by the Permittee that performance of any work under this permit shall constitute an acceptance of the General Provisions.
3. **KEEP PERMIT ON THE JOBSITE:** This permit, or copy thereof, shall be kept on the jobsite and must be shown to any representative of the Public Works Department, or any law enforcement officer of the City of Lodi on demand.
4. **PERMITS FROM OTHER AGENCIES:** The party or parties to whom this permit is issued shall, whenever the same is required by law, secure the written order and consent to do any work under an Encroachment Permit from CALTRANS. All work performed within paved areas, traveled ways or improved shoulders of said State Highways shall conform to the current Standard Specifications of CALTRANS. Any permit shall not be valid until such order and consent is obtained.
5. **NOTIFICATION TO OTHER AGENCIES:** No excavation shall be done until all utility agencies have been notified and have been given the opportunity to mark their facilities in the field. Notification shall be given to USA at (800) 227-2600, 48 hours prior to starting work.
6. **MINIMUM INTERFERENCE WITH AND PROTECTION OF TRAFFIC:** All work shall be planned and carried out so that there shall be the least possible inconvenience to the traveling public. Permittee is authorized to place flaggers to stop and warn or direct traffic, but traffic shall not be unreasonably delayed. One-way traffic shall be maintained at all times unless otherwise stated on this permit. Adequate provisions shall be made for the protection of the traveling public. Placing of lights, barricades, warning signs, other safety devices and other measures required for the public safety shall be the responsibility of Permittee.
7. **STORAGE OF MATERIALS:** No material shall be stored on any public street, alley, or sidewalk unless approved by the Public Works Director. Any excess earth materials from trenching or other operations shall be removed from the pavement, traveled way, or shoulders as the trench is backfilled or other work carried forward.
8. **STANDARDS OF CONSTRUCTION:** All work shall conform to City of Lodi Construction Specifications, Design Standards, and Standard Plans.
9. **CARE OF DRAINAGE:** If the work herein contemplated interferes with the established drainage, provisions shall be made by Permittee to provide adequate drainage as may be directed by the Public Works Director or his representative.
10. **REPAIRS:** Permittee shall be responsible for restoring to its former condition any portion of the street, sidewalk area or other encroachment which has been excavated or otherwise disturbed by Permittee. Permittee shall be responsible for said work for a period of one year after completion and acceptance of the work by the Public Works Director or his representative.
11. **MAINTENANCE:** Permittee agrees by acceptance of a permit to exercise reasonable care to maintain properly any encroachment placed in the street or sidewalk area, and to exercise reasonable care in inspecting for and preventing any injury to any portion of the street or sidewalk area resulting from the encroachment.
12. **CLEANUP OF JOBSITE:** Upon completion of work, the jobsite shall be restored to a condition of order and cleanliness.
13. **INSPECTION:** A minimum of twenty-four (24) hours notice shall be required for inspection prior to the placing of any backfill, connection to any existing facility, or the placement of any concrete or paving work.
14. **APPROVAL:** All work shall be subject to approval by the Public Works Director or his representative.
15. **DUST CONTROL:** Dirt, dust, and mud are to be controlled by Permittee or City has the right to do the work and bill Owner.
16. **TRENCHING, BACKFILL AND RESURFACING:** All trenching and backfill shall conform to City of Lodi Standard Plans and Specifications. Resurfacing of streets shall be as required by the Public Works Director. Streets shall be resurfaced in kind or with 3-inch asphaltic concrete, whichever is greater. Upon request by the City any settlement, sagging of surface, or cracking of pavement shall be repaired immediately by and at the sole expense of the Permittee for a period of one year following the acceptance by the City.
17. **PORTLAND CEMENT CURBS, GUTTERS, SIDEWALKS AND DRIVEWAYS:** Existing concrete work shall be removed to the nearest score mark or construction joint. Sidewalk and/or curb and gutter shall be cut cleanly and removed for the entire width. All concrete curb, gutter, sidewalk, and/or driveways shall be replaced or constructed to conform to City of Lodi Standard Plans. All concrete work shall be scored and made to conform to adjacent existing concrete work unless otherwise directed by the Public Works Director.
18. **LATERAL STREET CUTS:** A street cut of 30" by 30" may be made for connection to any mainline. Connecting pipe may be required to be jacked completely under the street paving, curb and/or gutter and sidewalk. The street cut shall be backfilled and repaved in conformance with the City's Standards.
19. **LANDSCAPED AREA INSTALLATIONS:** Where utilities are to be placed in the parking strip adjacent to the curb and/or sidewalk, Permittee shall take all necessary precautions to protect the existing curb and/or sidewalk and landscaping and shall replace same at its sole expense if damaged. No excavated material or other obstructions shall be placed on the curb and/or sidewalk location or in the gutter.
20. **TIME ELAPSED PRIOR TO TEMPORARY AND PERMANENT REPAVING:** Temporary or permanent surfacing shall be installed on the same or next working day after the backfilling has been completed or when directed by the Public Works.
21. **FRIDAY WORK:** No work shall be started on any Friday of any week if the work to be done under said permit is of such nature as to cause pedestrian or vehicular traffic interruption over the weekend if not completed.

Attachment 2 – Building Permit Application



COMMUNITY DEVELOPMENT DEPARTMENT
Building Inspection Division
221 West Pine St./PO Box 3006, Lodi, CA 95241-1910
(209) 333-6714

CONSTRUCTION PERMIT APPLICATION

#1 IDENTIFY YOUR BUILDING PROJECT

Application Number: _____ Intake Person (office use only) _____

APN: _____ Job Address: _____ Suite or Space #: _____

This permit is to be issued in the name of the ☐ Licensed Contractor or ☐ the Property Owner as the permit holder of record who will be responsible and liable for the construction.

Property Owner Information: Name _____ Tel No _____

Mailing Address _____

Project Manager: _____ Phone _____

Project Type: _____ Commercial _____ Residential Permit Type(s): _____ BLDG _____ MECH _____ PLUMB _____ ELEC

Scope of Work: _____

Valuation: \$ _____ Const. Type: _____ Occupancy: _____

Is Bldg. Sprinklered? Yes No Is Bldg. Conditioned? Yes No Existing/Proposed Well or Septic? Yes No

Existing Use: _____ Proposed Use: _____ # of Stories: _____ # of Units: _____

Comm. Sq. Ftg.: Office: _____ Retail: _____ Warehouse: _____ Other: _____

Res. Sq. Ftg.: Total Sq. Ftg. _____ Dwelling: _____ Gar: _____ # of cars _____ Patio/Porch: _____ Deck: _____

(Production Homes Only) Master Plan #: Lic.# _____ Plan #: _____ Suffix: _____

Designer, Architect or Engineer Information: Name _____ Ph # _____ License No. _____

#2 IDENTIFY WHO WILL PERFORM THE WORK (Complete either 2a or 2b)

2a – CALIFORNIA LICENSED CONTRACTOR'S DECLARATION

I hereby affirm under penalty of perjury that I am licensed under provisions of Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code, and my license is in full force and effect.

Contractor Name and Address: _____

License Number and Class: _____ Contractor Signature _____

2b – OWNER-BUILDER'S DECLARATION

I hereby affirm under penalty of perjury that I am exempt from the Contractors' State License Law for the reason(s) indicated below by the checkmark(s) I have placed next to the applicable item(s) (Section 7031.5, Business and Professions Code: Any city or county that requires a permit to construct, alter, improve, demolish, or repair any structure, prior to its issuance, also requires the applicant for the permit to file a signed statement that he or she is licensed pursuant to the provisions of the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code) or that he or she is exempt from licensure and the basis for the alleged exemption. Any violation of Section 7031.5 by any applicant for a permit subjects the applicant to a civil penalty of not more than five hundred dollars (\$500).):

☐ I, as owner of the property, or my employees with wages as their sole compensation, will do ☐ all of or ☐ portions of the work, and the structure is not intended or offered for sale (Section 7044, Business and Professions Code: The Contractors' State License Law does not apply to an owner of property who, through employees' or personal effort, builds or improves the property, provided that the improvements are not intended or offered for sale. If, however, the building or improvement is sold within one year of completion, the Owner-Builder will have the burden of proving that it was not built or improved for the purpose of sale.).

☐ I, as owner of the property, am exclusively contracting with licensed Contractors to construct the project (Section 7044, Business and Professions Code: The Contractors' State License Law does not apply to an owner of property who builds or improves thereon, and who contracts for the projects with a licensed Contractor pursuant to the Contractors' State License Law.).

☐ I am exempt from licensure under the Contractors' State License Law for the following reason:

By my signature below I acknowledge that, except for my personal residence in which I must have resided for at least one year prior to completion of the improvements covered by this permit, I cannot legally sell a structure that I have built as an owner-builder if it has not been constructed in its entirety by licensed contractors. I understand that a copy of the applicable law, Section 7044 of the Business and Professions Code, is available upon request when this application is submitted or at the following Web site: <http://www.leginfo.ca.gov/calaw.html>.

Property Owner or Authorized Agent signature _____ Date _____

#3 IDENTIFY WORKERS' COMPENSTATION COVERAGE AND LENDING AGENCY

WARNING: FAILURE TO SECURE WORKERS' COMPENSATION COVERAGE IS UNLAWFUL, AND SHALL SUBJECT AN EMPLOYER TO CRIMINAL PENALTIES AND CIVIL FINES UP TO ONE HUNDRED THOUSAND DOLLARS (\$100,000), IN ADDITION TO THE COST OF COMPENSATION, DAMAGES AS PROVIDED FOR IN SECTION 3706 OF THE LABOR CODE, INTEREST, AND ATTORNEY'S FEES.

WORKERS' COMPENSATION DECLARATION

I hereby affirm under penalty of perjury one of the following declarations:

☐ I have and will maintain a certificate of consent to self-insure for workers' compensation, issued by the Director of Industrial Relations as provided for by Section 3700 of the Labor Code, for the performance of the work for which this permit is issued. Policy No. _____

☐ I have and will maintain workers' compensation insurance, as required by Section 3700 of the Labor Code, for the performance of the work for which this permit is issued. My workers' compensation insurance carrier and policy number are:

Carrier _____ Policy No _____ Expiration Date _____

Name of Agent _____ Tel No _____

☐ I certify that, in the performance of the work for which this permit is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California, and agree that, if I should become subject to the workers' compensation provisions of Section 3700 of the Labor Code, I shall forthwith comply with those provisions.

DECLARATION REGARDING CONSTRUCTION LENDING AGENCY

I hereby affirm under penalty of perjury that there is a construction lending agency for the performance of the work for which this permit is issued (Section 3097, Civil Code).

Lender's Name and Address _____

#4 DECLARATION BY CONSTRUCTION PERMIT APPLICANT

By my signature below, I certify to each of the following:

I am ☐ a California licensed contractor or ☐ the property owner* or ☐ authorized to act on the property owner's behalf**.

I have read this construction permit application and the information I have provided is correct.

I agree to comply with all applicable city and county ordinances and state laws relating to building construction.

I authorize representatives of this city or county to enter the above-identified property for inspection purposes.

**requires separate verification form*

California Licensed Contractor, Property Owner* or Authorized Agent**: ***requires separate authorization form*

Signature _____ Date _____



COMMUNITY DEVELOPMENT DEPARTMENT
Building & Safety Inspection Division
221 West Pine St./PO Box 3006, Lodi, CA 95241-1910
(209) 333-6714

Site Plan Sample

Policy and Procedure B

February 2005

Site Plan Requirements

When do I Need to Submit a Site Plan?

A site plan is required when exterior work is proposed on a residential property. Typical work requiring the submittal of a site plan includes:

- Room additions, garage and carports additions
- Decks, patio enclosures, exterior covers and sheds
- Garage conversions
- Swimming pools and spas
- * When installing new exterior windows/doors
- * Fences, retaining walls
- Site work involving installation of underground electrical and gas lines

** (Note: Only when a building permit is required)*

Information on Site Plan

A site plan is an accurate, scaled drawing or map of a piece of property showing its size, shape and the precise location of man-made features (buildings, structures and driveways) on the property. The site plan allows the property owner, the builder and the building inspector to verify the true location of any proposed structure(s); further, the site plan allows the plan check staff to ascertain any proposed new work is located within the setback dimensions according to the adopted codes.

Plan Submittal for Construction

Quantity

Seven (7) site plans are typically required along with any accompanying drawings (floor plan, foundation, framing plan, etc.).

Size

At least two of the site plans shall be a minimum of 18" x 24" but no larger than 24" x 36", drawn to scale, fully dimensioned, clear and legible. When the proposed work

only involves electrical, plumbing or mechanical work, seven (7) 8 1/2" x 11" site plans are required.

Check List

The checklist below is a guide to assist homeowners and designers verify the required information is included on the site plan. Please be aware that plans lacking any of these items may delay the plan check review process.

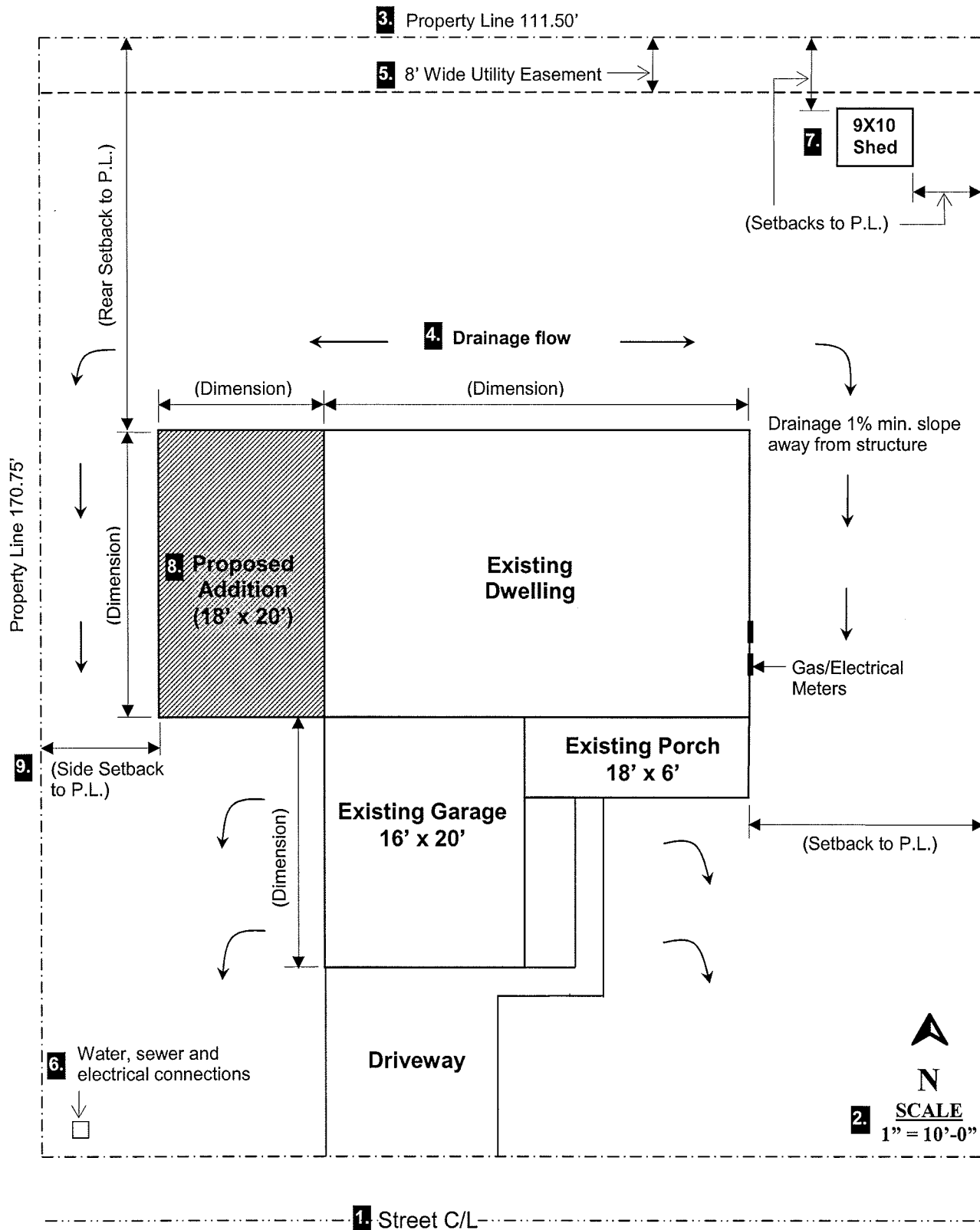
1. Street name, driveway, sidewalk, landscaping
2. Drawing scale, north arrow
3. Lot dimensions, property lines
4. Lot drainage flow arrows (call out slope 1% min. away from structure), grading, swales
5. Easements, utilities
6. On-site water system (septic or well systems, if any)
7. Label and locate existing buildings and other physical structures
8. Label and locate proposed additions, retaining walls and other physical structures
9. Setback distances to property lines, easements and distances to other structures
10. Name and signature of designer

A sample illustration is included on the next page listing a similar numbering system.

Questions?

Specific information regarding the location of property lines, easements, etc., may be requested at Public Works or the Building Safety & Inspection office located at:

Address: 221 West Pine Street
Phone: (209) 333-6714
Hours: Monday through Friday
8 am – 5 pm



SITE PLAN (Sample Only)

Property Owner's Name
 Property Address and Phone No.
 A.P.N. (Assessor Parcel Number)
 Scope of Work
 10. Designer's Name & Signature
 Site Area and Lot Coverage



BUILDING FEES COLLECTED AT PERMIT ISSUANCE

CITY OF LODI, COMMUNITY DEVELOPMENT DEPARTMENT, 221 W. PINE ST., LODI, CA 95240
PHONE: (209) 333-6714 FAX: (209) 333-6842

BUILDING PERMIT FEES EFFECTIVE JULY 1, 2009

Building Permit Fee	Table 1A (page 3)
Building Plan Check Fee	60% of building permit fee Table 1A
Plumbing	Miscellaneous Table 1-1 (page 5)
Electrical	Miscellaneous Table 3-A (page 7)
Mechanical	Miscellaneous Table 1-A (page 9)
Disabled Access	10% of building permit fee
Energy	10% residential and 10% non-residential
Plan Maintenance	10% of building permit fee (non-residential only.)
Strong Motion Inst. Fee	Valuation x 0.0001
Fire Inspection	25% of building permit fee
Fire Plan Check	25% of building plan review fee

PLUMBING PERMIT FEES

TABLE NO. 1-1

For issuing each permit	\$68.00
In addition:	
1. For each plumbing fixture or trap or set of fixtures on one trap (including water, drainage piping and backflow protection therefore)	\$5.00
2. For each building sewer	\$10.00
3. Solar heaters	\$15.00
4. Rainwater systems-per drain	\$5.00
5. For each fire hydrant (first one) (each additional)	\$170.00 \$45.00
6. For each private sewage disposal system	\$25.00
7. For each heater and/or vent	\$5.00
8. For each gas piping system of one (1) to five (5) outlets	\$7.00
9. For each gas piping system of six (6) or more, per outlet	\$2.00
10. For each industrial waste pre-treatment interceptor, including its trap and vent, except kitchen-type grease interceptors functioning as fixtures traps	\$30.00
11. For installation, alteration or repair of water piping and/or water treating equipment	\$7.00
12. For repair or alteration of drainage or vent piping	\$7.00
13. For each lawn sprinkler system on any one meter, including backflow protection devices therefore	\$7.00
14. For vacuum breakers or backflow protective devices on tanks, vats, etc. or floor installation on plumbing fixtures including necessary water piping: One (1) to five (5) Over five (5), each	\$7.00 \$1.50
15. Gasoline storage tanks	\$30.00
17. Fire sprinkler systems shall be based on value charged according to the fee schedule of Section 15.04.030 of the Code of the City of Lodi	
18. Gas piping pressure test (PG&E)	\$15.00
OTHER INSPECTION FEES AND REFUNDS:	
1. Inspections outside of normal business hours (Minimum charge-3 hours)	\$203.00 per hour

2. Reinspection fee	\$135.00
3. Inspections for which no fee is specifically indicated	\$135.00 per hour
4. Additional plan review required by the Building Official (Minimum charge – one-half hour)	\$135.00 per hour
5. Refunds on all permits shall be subject to a \$35.00 administrative processing fee.	\$35.00

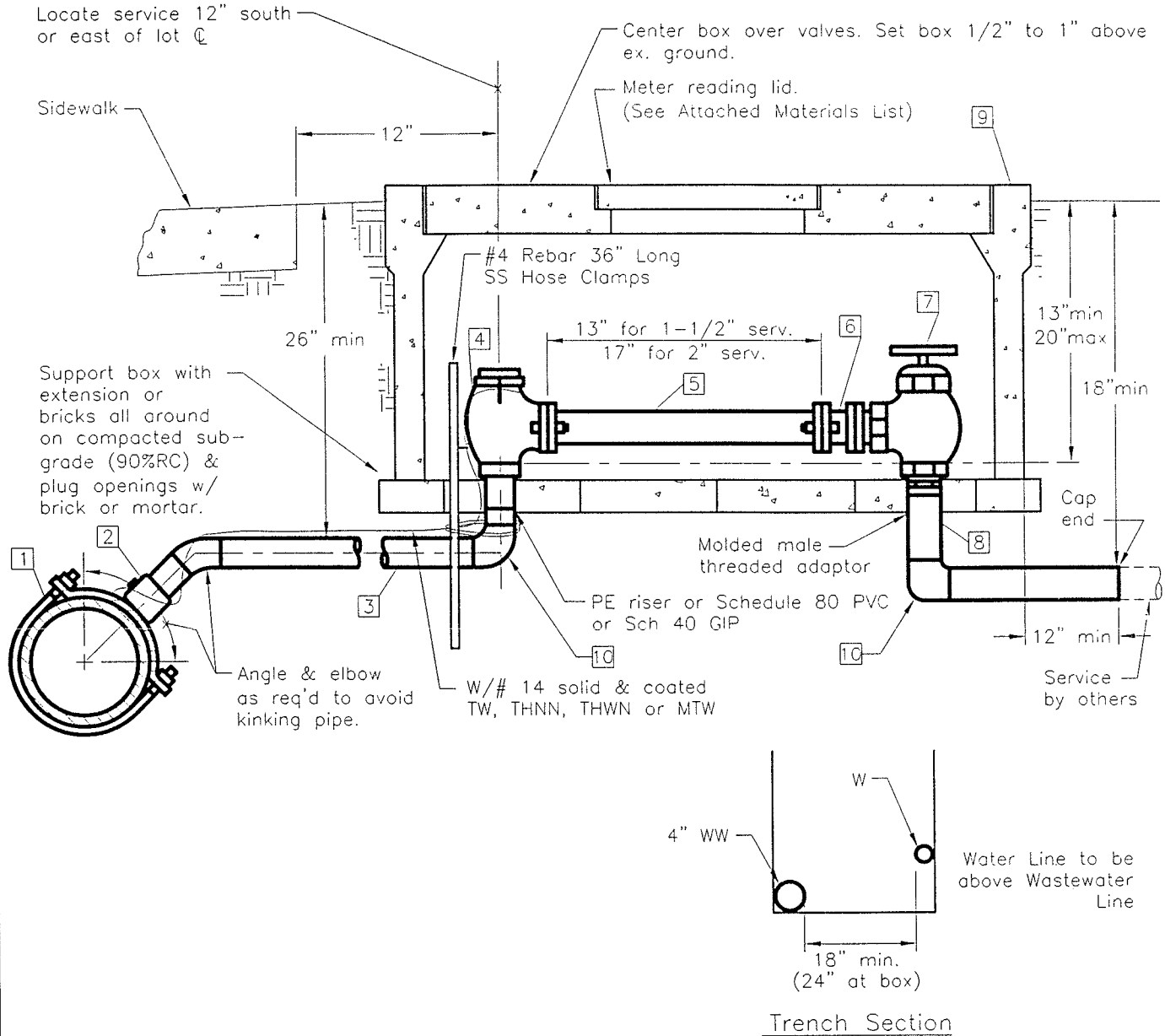
Attachment 3 – Water Meter Installation Standard Details and Specifications



CITY OF LODI

PUBLIC WORKS DEPARTMENT

1-1/2" & 2" Water Service



Notes:

1. Maintain 24" clearance between tap and any coupling, fitting or adjacent tap. Plastic services shall be installed with slack in the line. If the service is installed in the same trench as sanitary service, the water service shall be installed without splices and the trench section shown applies:
2. S.S. liners required on PE pipe fittings.
3. Backfill shall conform to Std Plan 501.

Sheet 1 of 4

Dr.	No.	Date	Revision	Appr.	Approved By:	STD PLAN
KT	1	9/03	ADDED END CAP			
WS	2	2/04	REVISED PAGE 4			
	3	2/05	REVERSED TRENCH SECTION			
Date						

12/00

F. Wally Sandelin
City Engineer
R.C.E. 39895

2/2/05
Date

412



CITY OF LODI

PUBLIC WORKS DEPARTMENT

1-1/2" & 2" Water Service Materials List

Fitting (a)	Size	Basic Feature	Inlet Connection	Outlet Connection	Manufacturer's Nos.
Saddles [1]	1-1/2" & 2"	For C1-AC & Ductile Iron Pipe Ductile Iron Double Strap Saddle <u>No Single Strap Saddles</u>		IPT	Rockwell 313 Apac 102 Other manufacturers with similar designs o.k.
Saddles	1-1/2" & 2"	For C900 Pipe		IPT	Romac 101S Mueller H1349 with 1P thread
Corp. Stop [2]	1-1/2"	Oriseal or Ball Valve	Saddle IPT 1-1/2" 1-1/2" IPT	1-1/2" PJ CTS	All PJ must have inserts 1-1/2" J1935 with insert J2805 1-1/2" FB1100 with insert 54 1-1/2" Mueller H15023 with insert 506139
Corp. Stop	1-1/2"	Oriseal or Ball valve	1-1/2" Saddle IPT 1-1/2" IPT	1-1/2" IPT	All PJ must have inserts 1-1/2" FB500 with C14-66 FIPT CTS PJ adapter with Insert 1-1/2" J1943, J2607 FIPT Adapter CTS with Insert 1-1/2" Mueller H9969 with H15451 CTS Adapter with Insert 506139
Corp. Stop	2"	Oriseal or Ball Valve	2" Saddle IPT 2" IPT	2" PJ CTS	All PJ must have inserts 2" J1935 with insert J2805 2" FB1100 with insert 55 2" Mueller H15023 with insert 506141
Corp. Stop	2"	Oriseal or Ball Valve	2" IPT	2" IPT	All PJ must have inserts 2" FB 500 with C14-77 IPT CTS Adapter with Insert 2" J1943 with J2607 with Insert 2" Mueller 9969 with H15451 CTS Adapter with insert 506141

Sheet 2 of 4

Dr. KT	No.	Date	Revision	Appr.	Approved By:	STD PLAN
Ch. WS	1	9/03	ADDED END CAP		<i>F. Wally Sandelin</i>	412
Date 12/00	2	2/04	REVISED PAGE 4		F. Wally Sandelin City Engineer R.C.E. 39895	2/2/05 Date
	3	2/05	REVISED PAGE 1			



CITY OF LODI

PUBLIC WORKS DEPARTMENT

1-1/2" & 2" Water Service Materials List

Fitting (a)	Size	Basic Feature	Inlet Connection	Outlet Connection	Manufacturer's Nos.
Service Pipe [3]	1-1/2" & 2"				C.T.S. PE 3408 200 PSI SDR9 ASTM D-2737 Sch 80 PVC with trace wire, or Sch 40 GIP
Angle Stop [4]	1-1/2" & 2"	Ground Key or Ball Valve with Lockwing	PJ CTS	1-1/2" & 2" 2 hole meter flange	1-1/2" Ford FW 43-666W with Insert 2" Ford FV 43-777W with Insert J4205 with Insert 2" x 1-1/2" Mueller H14277 with Insert
Spacer [5]	1-1/2" & 2"	Bronze or Brass flanges meter x FIPT with Sch. 80 PVC Spacer 13" long for 1-1/2" Service 17" long for 2" Service	2 Hole Flg x FIPT	2 Hole Flg x FIPT	J129 1-1/2" Ford #6F Flg 2" Ford #7F Flg 2x16 Sch. 80 PVC IPT
Coupling [6]	1-1/2" & 2"	Flanged meter coupling adapter Malleable Iron	2 Hole Flg without ring	Compression coupling to fit 2" or 1-1/2" Sch. 80 Nipple	Rockwell 926 Meter Coupling with 4" Sch. 80 Nipple IPT x plan End
Customer Valve [7]	1-1/2" 2"	Brass or bronze Angle Globe Valve with Handwheel All valves must have brass handle	IPT	IPT	Nibco T-311-Y Stockham B-216 Mueller 8130
Customer Stub [8]	1-1/2" & 2"				IPS PVC Schedule 40 per Uniform Plumbing Code. (Same size as service pipe)

Sheet 3 of 4

Dr. KT	No.	Date	Revision	Appr.	Approved By:	STD PLAN
	1	9/03	ADDED END CAP		<i>J. Wally Sandelin</i> F. Wally Sandelin City Engineer R.C.E. 39895	412
Ch. WS	2	2/04	REVISED PAGE 4			
	3	2/05	REVISED PAGE 1			
Date 12/00					2/2/05 Date	



CITY OF LODI

PUBLIC WORKS DEPARTMENT

1-1/2" & 2" Water Service Materials List

Fitting (a)	Size	Basic Feature	Inlet Connection	Outlet Connection	Manufacturer's Nos.
Service Box 9	1-1/2"	All Lids to read Water Holes in Lids for touch read Probe will be required if a meter is to be installed			Christy B36 or Bes C36W Box Christy B36D or Bes D70 Lid (Flush Fit foot Traffic, Grass Areas) Christy FI36D (Foot Traffic, Grass Areas, Flush fit) Christy B36-61D 1/4" Steel Checker Plate (Driveways, Sidewalks) Christy B1730 Full Vehicular Traffic Box
	2"	All Lids to read Water Holes in Lids for touch read Probe will be required if a meter is to be installed			Christy B40 or Bes C40W Box Christy B40-61D of Bes 61D75 Lid 1/4" Steel Plate Christy B24x36 Full Vehicular Traffic Box
90° PJ Elbow			1-1/2" OR 2" PJ CTS	1-1/2" OR 2" PJ CTS	1-1/2" Ford L44-46 with Insert Jones 1-1/2" J2611 with Insert 2" Ford L44-77 1-1/2", 2" Mueller H-15526 with Insert
90° Elbow 10			1-1/2" OR 2"	1-1/2" OR 2"	PVC

a. Alternate Fittings must be approved by the City Engineer.

Sheet 4 of 4

Dr. KT	No.	Date	Revision	Appr.	Approved By:	STD PLAN
	1	9/03	ADDED END CAP			
Ch. WS	2	2/04	ADDED PVC 90 ELBOW			
	3	2/05	REVISED PAGE 1			
Date 12/00					<i>F. Wally Sangelin</i> F. Wally Sangelin City Engineer R.C.E. 39895	2/2/05 Date
						412



Locate service 12"
south or east of lot CL.

Center box over valves.
Set box 1/2" to 1" above
ex. ground or adjacent sidewalk.



1. Maintain 24" clearance between tap and any coupling, fitting or adjacent tap. Plastic services shall be looped approximately 6" vertically or laterally to provide slack in the line. If the service is installed in the same trench as the sanitary service, the water service shall be installed without splices and the trench section shown applies.
2. Backfill shall conform to Std. Plan 501.

Sheet 1 of 4

K:\CADD\STDPLANS\403-1.dwg, Layout1, 07/15/2009 1:18:15 PM, jpizzo



CITY OF LODI

PUBLIC WORKS DEPARTMENT

1" WATER SERVICE METERED MATERIAL LIST

Fitting (a.)	Size	Basic Feature	Inlet Connection	Outlet Connection	Manufacturer's Nos.
Saddles [1]	1"	For C1-AC & Ductile Iron Pipe Ductile Iron Double Strap Saddle <u>No Single Strap Saddles</u>		IPT	Rockwell 313 Apac 102 Other manufacturers with similar designs o.k.
Saddles	1"	For C900 Pipe		IPT	Romac 101S Mueller H1349
Corp. Stop [2]	1"	Ground Key or ball valve	1" cc threads for C1 AC pipe	1" CTS PE Mueller Instatite	Mueller H-15006 or Mueller H-1500 with H15074 J1500 1" with H15074 1" F600 Ford with H15074
Corp. Stop	1"	Ground Key or ball valve	Saddle C1 AC C-900 Pipe 1" IPT	1" PJ for PE CTS	All PJ must have inserts 1" Ford FB1100 with Ins. #52 1" J-3403 with Insert J2805 1" Mueller H15028 with insert H504385 1" FB500 with C14-44 adapter with insert J41 with J2607 adapter with insert
Corp. Stop	1"	Ground Key or ball valve	1" cc threads C1 and AC Pipe	1" PJ for PE CTS	Mueller H15008 with insert H504385 Ford FB1000 with Ins. #52 J3401 with insert J2805
Service Pipe [3]	1"				C.T.S. PE 3408 CL. 160 with Trace Wire
Angle Stop [4]	1"	Ground Key or Ball Valve with Lockwing	1" PE CTS Mueller Instatite	1" Straight Thread Swivel Nut	Mueller H14267
Angle Stop	1"	Ground Key or Ball Valve with Lockwing	1" PE CTS Compression	1" Straight Thread Swivel Nut	Mueller H14258 with Insert H504385

Sheet 2 of 4

Dr. KT	No.	Date	Revision	Appr.	Approved By:	STD PLAN
	2	2/05	REVISED PAGE 1		 F. Wally Sandelin City Engineer R.C.E. 39895	7/15/09 Date 403
Ch. WS	3	10/05	ADDED METER & ERT			
Date	4	7/09	CHANGED CUSTOMER VALVE			



CITY OF LODI

PUBLIC WORKS DEPARTMENT

1" WATER SERVICE METERED MATERIALS LIST

Fitting (a.)	Size	Basic Feature	Inlet Connection	Outlet Connection	Manufacturer's Nos.
Angle Stop	1"	Ground Key or Ball Valve with Lockwing	1" PE CTS PJ	1" Straight Thread Swivel Nut	J-4201 with Insert J2805 Ford KV 43-342W with Insert
Meter [5]	3/4"	bronze 9" long with Rubber Washer	3/4" IPT	3/4" IPT	3/4" x 9" bronze Meter
Male Adaptor [6]	1"	IPS PVC SCH. 80	1" IPT	1" Slip	IPS PVC Schedule 80 per Uniform Plumbing Code. (Same size as service pipe)
Customer Valve [7]	1"	Angle Meter Valve 360° Turn Option	1" IPT	1" IPT Meter Swivel	Mueller B-24265-3 Mueller Handle B-20298 Ford BA13-342WR Ford Handle HB34
Customer Stub [8]	1"	IPS PVC SCH. 80 Pipe	1" IPT	1" IPT	IPS PVC Schedule 80 per Uniform Plumbing Code. (Same size as service pipe)

Sheet 3 of 4

Dr. KT	No.	Date	Revision	Appr.	Approved By:	STD PLAN
	2	2/05	REVISED PAGE 1			
Ch. WS	3	10/05	ADDED METER & ERT			
Date	4	7/09	CHANGED CUSTOMER VALVE			
					<i>F. Wally Sandelin</i> F. Wally Sandelin City Engineer R.C.E. 39895	7/15/09 Date
						403

Attachment 4 – Minimum Private Contract insurance Requirements



City of Lodi
Lessee/Event Insurance Requirements

INSURANCE REQUIREMENTS FOR LESSEES (Including Facility Use, Special Events)

Lessee, Tenant, or Event Holder (herein Lessee) shall procure and maintain for the duration of the Lessee/Use Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Lessee's operation and use of the leased premises. The cost of such insurance shall be borne by the Lessee. Lessee and Lessee's insurer shall agree to waive right of recovery against the City of Lodi (CITY).

A. Minimum Scope of Insurance: Coverage shall be at least as broad as:

1. Comprehensive or Commercial General Liability coverage, Insurance Services Office (no less than Occurrence form CG 0001).
2. Workers' Compensation insurance as required by the State of California and Employer's Liability insurance (for Lessees with employees).
3. Commercial (Business) Automobile Liability covering for "Any Auto".

B. Minimum Limits of Insurance: Lessee shall maintain limits not less than:

1. General Liability: \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury and property damage, including Contractual Liability and Fire Legal Liability (\$100,000). If Commercial General Liability Insurance or other form with a general aggregate limit is used, the general aggregate limit shall apply separately to this project/location.
2. Workers Compensation: Statutory Limits, including Employers Liability not less than \$1,000,000 per occurrence (BI/disease).
3. Commercial Auto Liability: \$1,000,000 per occurrence, combined single limit, for Bodily Injury Liability and Property Damage Liability.

C. Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by the CITY. At the option of the CITY, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the CITY, its officers, employees, representatives and volunteers; or the Lessee shall provide a financial guarantee satisfactory to the CITY guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions: Each policy is to contain, or be endorsed to contain, the following provisions:

1. *"The City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers"* are to be covered as additional insureds with respect to liability arising out of operation, maintenance or use of that part of the premises leased to the lessee.
2. The Lessee's insurance coverage shall be primary insurance as respects *"The City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers"*. Minimum Limits of Insurance shall not serve to reduce the liability of the Lessee's insurer nor the lessee. Any insurance or self-insurance maintained by the CITY, its officers, employees, representatives or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

3. Policies shall waive right of recovery against the CITY.
4. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be contributory by the CITY, nor may it be canceled, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the CITY.
5. **For General Liability, Additional Insured form at least as broad as ISO form CG 20 11 11 85 (Modified) (sample attached) shall be used as the Additional Insured Endorsement.**
6. Certificates and Endorsements shall be sent to:
City of Lodi
ATTN: Risk Management
221 W. Pine St.
Lodi, CA 95240

E. Acceptability of Insurers: Insurance shall be placed with California Admitted insurers with a current A.M. Best's rating of no less than A: VII.

F. Verification of Coverage: Lessee shall furnish the CITY with original certificates and amendatory Additional Insured endorsements effecting coverage required by this Lease. The endorsements should be on forms provided by the CITY (sample attached) or if on other than the CITY's forms provided those endorsements or policies shall conform to ACCORD and ISO standards and requirements and the requirements of this agreement. All certificates and endorsements are to be received and approved by the CITY before occupancy occurs. The CITY reserves the right to be provided complete certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

G. Subcontractors, Sublessees, Vendors, Exhibitors: Lessee shall include all subcontractors, sublessees, vendors, and exhibitors as Insureds under its policies or if Lessee elects to rely upon insurance provided by subcontractors, sublessees, vendors and exhibitors (herein "sublessees"), Lessee shall require all sublessees to provide certificates of insurance and Additional Insured endorsements that satisfy all requirements listed in paragraphs A, B, C and D above. Sublessees shall provide said insurance evidence to Lessee, however upon CITY's request Lessee shall furnish separate certificates and additional insured endorsements for each sublessee to the CITY for review and approval.

Deviation from Requirements: Any requested deviations from the above Insurance Requirements must be submitted to the CITY Risk Manager, (209) 333-6704, Fax (209) 333-6816, at least six weeks in advance of the event for consideration.

Reproduction of Insurance Services Office, Inc. Form (Modified)

INSURER:

POLICY NUMBER:

ENDORSEMENT NUMBER:

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

1. Designation of Premises (Part Leased to You):
2. Name of Person or Organization (Additional Insured): The City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers are Additional Insureds.
3. Additional Premium:

WHO IS INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alteration, new construction or demolition operations performed by or on behalf of the person or organization shown in the schedule.

Modifications to ISO form CG 20 11 11 85:

1. This insurance shall be primary as respects the City of Lodi (CITY) or if excess, shall stand in an unbroken chain of coverage excess of the Named Insured's scheduled underlying primary coverage. In either event, any other insurance maintained by the CITY shall be in excess of this insurance and shall not be called upon to contribute with it.
2. The insurance afforded by this policy shall not be canceled, changed, or modified except after thirty (30) day advance written notice has been given to the CITY. (10 days advance written notice for non-payment of premium).
3. The Insurer named above waives any right of recovery the Insurer may have against the CITY when the Insured has agreed to such waiver in writing prior to the loss.

Signature – Authorized Representative of Insurer

Name of Insurance Company

Attachment 5 – City of Lodi Public Works Department Fee and Service Charge Schedule



City of Lodi

Public Works Department

Fee and Service

Charge Schedule

Water

Service Installation

Service Only w/o meter - 1"	\$ 2,940.00 *
1½"	\$ 3,840.00 *
2"	\$ 3,980.00 *
3" & over	per T&M estimate
Upgrade of existing service w/line replacement	
In street or alley w/o meter	80% of above
In easement w/o meter	66⅔% of above
Upgrade of existing service w/o line replacement	
In street or alley w/o meter	66⅔% of above
In easement w/o meter	50% of above
Dual Domestic Water Service ***	\$ 3,890.00
Complete Service with meter - 1"	\$ 3,178.00
1½"	\$ 4,308.00
2"	\$ 4,608.00
3" & over	per T&M estimate
Meter install only - ¾"	\$ 370.00 **
1"	\$ 400.00 **
1½"	\$ 630.00 **
2"	\$ 790.00 **
Turbo, Compound, or 3" & over	per estimate
"TouchRead" or ERT install only	\$ 260.00
Disconnect/Abandon service:	
2" & under	\$ 1,100.00
over 2"	per T&M estimate

Add applicable Development Impact Mitigation Fees - See Page 5

Reference: LMC \$13.04.050

(installations requiring jacking or special construction per T&M estimate)

* If the same address is simultaneously installing both new water and wastewater services, charge 80% of these listed costs.

***Dual water service includes a 1.5" service line, one meter box to hold two ¾" meters, meter prices not included.

For service installed with downsized meter, charge will be adjusted.
(Example: 2" service w/1½" meter: \$3,980 + \$630 - \$160 = \$4,450)

Credit may be allowed for meter removed if less than 5 years old.

** Cost includes \$160 to set meter plus Admin.

Typical Circumstances and Costs in Street or Alley

New 1" service with ¾" meter	\$ 3,150
Upgrade 1" service line & box with ¾" meter	\$ 2,562
Upgrade 1" box with ¾" meter	\$ 2,170
Install ¾" meter in existing suitable service	\$ 370

Bacterial Sampling Fee

\$ 45.00 per sample

(Water rates below effective 7/1/08 - 6/30/09)

Reference: Resolution No. 2008-68

Service Charges (2)

Residential Flat Rate (per month):	Total	Base	ISR (3)	PCE/TCE
Single Family Unit (one bedroom)	\$ 27.98	\$ 14.97	\$ 5.44	\$ 7.57
(two bedrooms)	\$ 33.61	\$ 17.97	\$ 6.54	\$ 9.10
(three bedrooms)	\$ 40.28	\$ 21.55	\$ 7.83	\$ 10.90
(four bedrooms)	\$ 48.40	\$ 25.89	\$ 9.42	\$ 13.09
(five bedrooms)	\$ 58.06	\$ 31.05	\$ 11.30	\$ 15.71
(six bedrooms)	\$ 69.67	\$ 37.26	\$ 13.55	\$ 18.86
(seven bedrooms)	\$ 83.58	\$ 44.70	\$ 16.26	\$ 22.62
Multiple Family Unit (one bedroom)	\$ 24.02	\$ 12.85	\$ 4.67	\$ 6.50
(two bedrooms)	\$ 28.81	\$ 15.40	\$ 5.61	\$ 7.80
(three bedrooms)	\$ 34.57	\$ 18.48	\$ 6.73	\$ 9.36

+ 20% for ea. add'l. bedroom

Commercial/Industrial Flat Rate

Existing accounts only. New accounts are metered.

Metered Rate	Total	Base	ISR (3)	PCE/TCE
Commodity Charge (1)	\$ 0.789	\$ 0.537	\$ 0.252	-
(1) plus monthly meter charge:				per 100 cu. ft. (approx. \$1.016 per 1,000 gal.)
	\$ 25.64	\$ 15.71	-	\$ 9.93 5/8" meter
	\$ 28.17	\$ 17.27	-	\$ 10.90 ¾" meter
	\$ 42.27	\$ 25.90	-	\$ 16.37 1" meter
	\$ 56.35	\$ 34.53	-	\$ 21.82 1½" meter
	\$ 70.45	\$ 43.17	-	\$ 27.28 2" meter
	\$ 98.63	\$ 60.45	-	\$ 38.18 3" meter
	\$ 126.80	\$ 77.70	-	\$ 49.10 4" meter
	\$ 183.16	\$ 112.24	-	\$ 70.92 6" meter
	\$ 239.48	\$ 146.80	-	\$ 92.68 8" meter
	\$ 295.83	\$ 181.35	-	\$ 114.48 10" meter

Construction Water Charges:

Water	\$ 0.789
6" Meter Deposit	\$ 5,000.00
Meter Rental (per day)	\$ 1.00
	\$ 2.50
	\$ 5.00
	\$ 10.00

Ref. PWD Policy W-7

per 100 cu. ft. (approx. \$1.055 per 1,000 gal.)

first 45 days
during days 46 through 60
during days 61 through 90
days over 90

(2) Outside of City Rates are 1.5 X the listed rates.

(3) ISR = Infrastructure Replacement Charge

day count begins when meter is picked up at MSC
day count ends when meter is returned to MSC

Attachment 6 – Warranty Security Letter of Credit Form

WHEREAS, the CITY OF LODI, a municipal corporation, hereinafter designated "City" and _____, hereinafter designated "Principal", have entered into an agreement whereby Principal agrees to furnish warranty security of at least 10% of the total cost of the public improvements as security for repair or replacement of defective work for 2 CALENDAR YEARS FROM THE DATE OF THE ACCEPTANCE OF THE PROJECT IMPROVEMENTS. The agreement, dated _____, and identified as "Warranty Security for the Public Improvement of _____", is hereby referred to and made a part hereof; and

WHEREAS, said Principal is required under the terms of said agreement to furnish a warranty security.

NOW, THEREFORE, the Principal and the undersigned _____, being a financial institution or corporate surety subject to regulation by the State of California or by the Federal Government, hereby pledges that monies to the extent of _____ - _____ DOLLARS (\$_____) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The undersigned further agree that upon written demand signed by the City Manager of City, the undersigned shall immediately pay said funds or such amount as shall be set forth in said demand to the Director of Finance of City to be used for payment of repair or replacement of defective work, materials, or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor.

The undersigned further agrees that this warranty security shall remain in place until such time as it receives written notice signed by the Public Works Director of City to the effect that said agreement has been fully performed by Principal.

Dated this _____ day of _____, 20__.

By: _____	_____
	Name of Bank
_____	_____
Title	Address

Dated at _____, _____, this _____ of _____, 20____.

By _____

City Attorney

Attachment 7 – Notice of Intent to Privately Contract Postcard



Notice of Intent to Privately Contract

City of Lodi – Water Meter Program

Please Print Legibly

Property Owner's Name (Print)

Property Assessor's Parcel Number (APN)

Property Address

Property Owner Contact Information

Mailing Address:

Street Address

City, State, Zip Code

Phone: _____

E-mail: _____

Please Specify Your Water Connection Type (Check One)

Have you located your existing water connection? (y/n) _____

Existing Rich Box ☐ Front Yard ☐

Existing Meter Box ☐ Backyard/Alley ☐

When do you anticipate beginning construction?

_____, 2010

Date

Acknowledgement of Responsibilities

(Please check the appropriate corresponding box below for each question)

- Has the property owner read the Privately Contracted Meter Installation guide and understood their responsibilities?
Yes ☐ No ☐
- Have you selected a qualified contractor to perform the construction? Yes ☐ No ☐
- Does the property owner understand that it could be responsible for any City costs associated with repairing damage caused by the owner's contractor? Yes ☐ No ☐

Signature

(Date)



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing Specific Staff Members of York Insurance Services Group, Inc. (Formerly Bragg and Associates, Inc.) as Signers on the City of Lodi / Workers Compensation Claims Management Account

MEETING DATE: December 16, 2009

PREPARED BY: Kirk J. Evans, Management Analyst

RECOMMENDED ACTION: Adopt resolution authorizing specific staff members of York Insurance Services Group, Inc.(formerly Bragg and Associates, Inc.) as signers on the City of Lodi / Workers Compensation Claims Management account with Farmers and Merchants Bank (F&M); and authorize the City Manager to execute the attached Exhibit A (Corporate Authorization Resolution) and Exhibit B (Facsimile Signature Agreement).

BACKGROUND INFORMATION: For several years, the City of Lodi has maintained a trust account at Farmers & Merchants Bank that is used by the City's workers compensation third party claims administrator to make claims payments to physicians, medical services providers, injured employees and other parties active in the workers compensation arena. Gregory B. Bragg & Associates has served as the City's claims administrator since November 2005. The account name at F&M has been GB Bragg during this term of service. Gregory B. Bragg & Associates recently changed its name to York Insurance Services Group, Inc. This necessitates that the name of the account also be changed. It will now be entitled City of Lodi / Workers Compensation Claims Management account. York staff authorized as signers on this account must also be updated as shown on Exhibit A attached (Corporate Authorization Resolution). The attached exhibits provided by F&M state in part that "the signature of an Agent on this resolution is conclusive evidence of their authority to act on behalf of the Corporation." F&M requires City Council authorization and the signature of the City Manager on these exhibits in order to conduct City banking business.

FISCAL IMPACT: None.

FUNDING AVAILABLE: Not Applicable.

Jordan Ayers
Deputy City Manager

Attachments

APPROVED: _____
Blair King, City Manager

RESOLUTION NO. 2009-_____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING SPECIFIC STAFF MEMBERS OF YORK
INSURANCE SERVICES GROUP, INC. AS SIGNERS ON
THE CITY OF LODI / WORKERS COMPENSATION
CLAIMS MANAGEMENT ACCOUNT

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize Gregory B. Bragg, Executive Chairman, Amber Butler, Accounting Manager, Karen Callahan, Vice-President Workers Compensation, Tom McCampbell, Vice-President Workers Compensation, and Jeff Kimball, Executive Vice-President/ Chief Financial Officer, of York Insurance Services Group, Inc., to act as signers on the City of Lodi / Workers Compensation Claims Management Account with Farmers and Merchants bank; and

BE IT FURTHER RESOLVED that the City Council further authorizes the City Manager, Blair King, to execute Exhibit A (Corporate Authorization Resolution) and Exhibit B (Facsimile Signature Agreement) attached hereto on behalf of the City of Lodi.

Dated: December 16, 2009

=====

I hereby certify that Resolution No. 2009-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 16, 2009, by the following vote:

AYES: COUNCIL MEMBERS –
NOES: COUNCIL MEMBERS –
ABSENT: COUNCIL MEMBERS –
ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

2009-_____

CORPORATE AUTHORIZATION RESOLUTION

EXHIBIT A

FARMERS & MERCHANTS BANK OF CENTRAL CA
PO BOX 3000
LODI, CA 95241-1902

By: CITY OF LODI
P O BOX 3006
LODI CA 95241

Referred to in this document as "Financial Institution"

Referred to in this document as "Corporation"

I, CALIFORNIA, certify that I am Secretary (clerk) of the above named corporation organized under the laws of CITY OF LODI, Federal Employer I.D. Number 94-6000361, engaged in business under the trade name of CITY OF LODI, and that the resolutions on this document are a correct copy of the resolutions adopted at a meeting of the Board of Directors of the Corporation duly and properly called and held on 10/09/09 (date). These resolutions appear in the minutes of this meeting and have not been rescinded or modified.

AGENTS Any Agent listed below, subject to any written limitations, is authorized to exercise the powers granted as indicated below:

Name and Title or Position	Signature	Facsimile Signature (if used)
A. <u>GREGORY B BRAGG</u>	X <u>[Signature]</u>	X <u>[Facsimile Signature]</u>
B. <u>AMBER BUTLER</u>	X <u>[Signature]</u>	X <u>[Signature]</u>
C. <u>KAREN CALLAHAN</u>	X <u>[Signature]</u>	X <u>[Signature]</u>
D. <u>TOM MC CAMPBELL</u>	X <u>[Signature]</u>	X <u>[Signature]</u>
E. <u>JEFF KIMBALL</u>	X <u>[Signature]</u>	X <u>see attached</u>
F. _____	X _____	X _____

POWERS GRANTED (Attach one or more Agents to each power by placing the letter corresponding to their name in the area before each power. Following each power indicate the number of Agent signatures required to exercise the power.)

Indicate A, B, C, D, E, and/or F	Description of Power	Indicate number of signatures required
NA	(1) Exercise all of the powers listed in this resolution.	_____
ABCDEF	(2) Open any deposit or share account(s) in the name of the Corporation.	<u>1</u>
ABCDEF	(3) Endorse checks and orders for the payment of money or otherwise withdraw or transfer funds on deposit with this Financial Institution.	<u>1</u>
NA	(4) Borrow money on behalf and in the name of the Corporation, sign, execute and deliver promissory notes or other evidences of indebtedness.	_____
NA	(5) Endorse, assign, transfer, mortgage or pledge bills receivable, warehouse receipts, bills of lading, stocks, bonds, real estate or other property now owned or hereafter owned or acquired by the Corporation as security for sums borrowed, and to discount the same, unconditionally guarantee payment of all bills received, negotiated or discounted and to waive demand, presentment, protest, notice of protest and notice of non-payment.	_____
ABCDEF	(6) Enter into a written lease for the purpose of renting, maintaining, accessing and terminating a Safe Deposit Box in this Financial Institution.	<u>1</u>
NA	(7) Other _____	_____

LIMITATIONS ON POWERS The following are the Corporation's express limitations on the powers granted under this resolution.

EFFECT ON PREVIOUS RESOLUTIONS This resolution supersedes resolution dated NA. If not completed, all resolutions remain in effect.

CERTIFICATION OF AUTHORITY

I further certify that the Board of Directors of the Corporation has, and at the time of adoption of this resolution had, full power and lawful authority to adopt the resolutions on page 2 and to confer the powers granted above to the persons named who have full power and lawful authority to exercise the same. (Apply seal below where appropriate.)

☐ If checked, the Corporation is a non-profit corporation.

In Witness Whereof, I have subscribed my name to this document and affixed the seal of the Corporation on _____ (date).

Attest by One Other Officer _____

Secretary _____

RESOLUTIONS

The Corporation named on this resolution resolves that,

- (1) The Financial Institution is designated as a depository for the funds of the Corporation and to provide other financial accommodations indicated in this resolution.
- (2) This resolution shall continue to have effect until express written notice of its rescission or modification has been received and recorded by the Financial Institution. Any and all prior resolutions adopted by the Board of Directors of the Corporation and certified to the Financial Institution as governing the operation of this corporation's account(s), are in full force and effect, until the Financial Institution receives and acknowledges an express written notice of its revocation, modification or replacement. Any revocation, modification or replacement of a resolution must be accompanied by documentation, satisfactory to the Financial Institution, establishing the authority for the changes.
- (3) The signature of an Agent on this resolution is conclusive evidence of their authority to act on behalf of the Corporation. Any Agent, so long as they act in a representative capacity as an Agent of the Corporation, is authorized to make any and all other contracts, agreements, stipulations and orders which they may deem advisable for the effective exercise of the powers indicated on page one, from time to time with the Financial Institution, subject to any restrictions on this resolution or otherwise agreed to in writing.
- (4) All transactions, if any, with respect to any deposits, withdrawals, rediscunts and borrowings by or on behalf of the Corporation with the Financial Institution prior to the adoption of this resolution are hereby ratified, approved and confirmed.
- (5) The Corporation agrees to the terms and conditions of any account agreement, properly opened by any Agent of the Corporation. The Corporation authorizes the Financial Institution, at any time, to charge the Corporation for all checks, drafts, or other orders, for the payment of money, that are drawn on the Financial Institution, so long as they contain the required number of signatures for this purpose.
- (6) The Corporation acknowledges and agrees that the Financial Institution may furnish at its discretion automated access devices to Agents of the Corporation to facilitate those powers authorized by this resolution or other resolutions in effect at the time of issuance. The term "automated access device" includes, but is not limited to, credit cards, automated teller machines (ATM), and debit cards.
- (7) The Corporation acknowledges and agrees that the Financial Institution may rely on alternative signature and verification codes issued to or obtained from the Agent named on this resolution. The term "alternative signature and verification codes" includes, but is not limited to, facsimile signatures on file with the Financial Institution, personal identification numbers (PIN), and digital signatures. If a facsimile signature specimen has been provided on this resolution, (or that are filed separately by the Corporation with the Financial Institution from time to time) the Financial Institution is authorized to treat the facsimile signature as the signature of the Agent(s) regardless of by whom or by what means the facsimile signature may have been affixed so long as it resembles the facsimile signature specimen on file. The Corporation authorizes each Agent to have custody of the Corporation's private key used to create a digital signature and to request issuance of a certificate listing the corresponding public key. The Financial Institution shall have no responsibility or liability for unauthorized use of alternative signature and verification codes unless otherwise agreed in writing.

Pennsylvania. The designation of an Agent does not create a power of attorney; therefore, Agents are not subject to the provisions of 20 Pa.C.S.A. Section 5601 et seq. (Chapter 56; Decedents, Estates and Fiduciaries Code) unless the agency was created by a separate power of attorney. Any provision that assigns Financial Institution rights to act on behalf of any person or entity is not subject to the provisions of 20 Pa.C.S.A. Section 5601 et seq. (Chapter 56; Decedents, Estates and Fiduciaries Code).

FOR FINANCIAL INSTITUTION USE ONLY

Acknowledged and received on _____ (date) by _____ (initials) ☐ This resolution is superseded by resolution dated _____.

Comments:

John - line

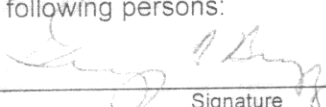

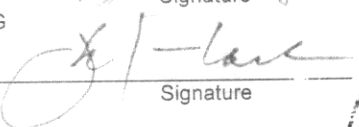
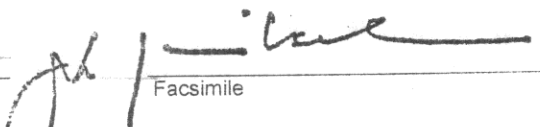
FACSIMILE SIGNATURE AGREEMENT

Agreement regarding Facsimile Signatures (Rubber Signature Stamps, etc.) Not for Instructions received through Facsimile Transmission such as through Facsimile (FAX) machine or telecopier.

City of Lodi / Workers Compensation Claims Mgmt Acct Account Number (s)
Customer/Account Name [REDACTED]

Farmers & Merchants Bank of Central California ("Bank") and the Customer named above agree as follows:

1. Bank may honor checks or drafts for the payment of money drawn on Customer's above-described account(s) when the items bear or appear to bear the facsimile signature of any of the following persons:

	
Print Name GREGORY B BRAGG	Facsimile
	
Print Name JEFF KIMBALL	Facsimile
Print Name	Facsimile

2. Bank may honor and charge Customer for such items, regardless of by whom or by what means the actual or purported facsimile signature has been made, provided the facsimile signature resembles the signature, or the facsimile specimen, which Customer has filed with Bank.
3. All previous authorizations for the signing and honoring of checks, drafts or other orders for the payment of money drawn on Bank by Customer are continued in full force and effect.
4. Customer agrees to hold Bank harmless and indemnify Bank from and against any and all loss, cost, expense, including reasonable attorney's fees, resulting from Bank acting upon such authorization which Bank reasonably believes to have come from the customer.
5. Bank may terminate this agreement at any time with or without cause or prior notice.

Dated: _____, 20____

By: _____
Authorized Signature

Title: _____

CORPORATE CERTIFICATION

I certify that:

- I am the Secretary or Assistant Secretary of the Corporation named on the Facsimile Signature Agreement ;
- I hereby certify that the following resolution is a complete and accurate copy of a resolution duly adopted by the Corporation's Board of Directors:

"Resolved: The President, any Vice President, the Secretary, or Treasurer of this Corporation is authorized to enter into Facsimile Signature Agreements with Farmers & Merchants Bank of Central California on behalf of this Corporation. FURTHER RESOLVED: This authorization is in addition to any other authorizations in effect and shall remain in effect until Farmers & Merchants Bank of Central California receives written notice of its revocation at each office where this Corporation's accounts are maintained."

The resolution is now in full force and has not been revoked or changed in any way.

DATED: _____
SIGNATURE OF SECRETARY OR ASSISTANT SECRETARY

Comments by the public on non-agenda items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted.

Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

Comments by the City Council Members on non-agenda items



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Public Hearing to Consider Resolution Approving Fare Increases for GrapeLine Fixed Route and Dial-A-Ride/VineLine Services

MEETING DATE: December 16, 2009

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Conduct a public hearing to consider a resolution approving fare increases for GrapeLine Fixed Route and Dial-A-Ride/VineLine services.

BACKGROUND INFORMATION: At the Public Hearing on October 21, 2009, City Council approved reducing service hours for the City's transit operations in response to reduced State funding. The changes became effective November 2, 2009. At the public hearing, several residents suggested the City increase transit fares to maintain weekend services. City Council directed staff to explore extended service hours on the weekends and consider increased transit fares. At the November 4, 2009 Council meeting, staff presented proposed fares, estimated fare revenue and extended service operation costs. After discussion, Council set a public hearing to consider implementing a proposed fare increase.

Staff recommends City Council approve and implement the proposed increase in transit fares starting January 2, 2010, based upon the information included in this communication and as presented in the following table.

	Current Fare	Proposed Fare
Dial-A-Ride		
General Public (0-59)	\$5.00	\$7.00
Senior/Disabled/Medicare	\$1.50	\$2.00
10-Ride Pass General Public	\$50.00	\$66.50
10-Ride Pass Senior/Disabled/Medicare	\$12.00	\$16.00
VineLine		
ADA-Certified Passenger	\$1.50	\$2.00
Outside City Limits		
Dial-A-Ride surcharge	\$1.00	\$1.50
Fixed Route		
General Public (5-59)	\$1.00	\$1.25
Senior/Disabled/Medicare	\$0.50	\$0.65
General Public Monthly Pass	\$35.00	\$44.00
Senior/Disabled/Medicare Monthly Pass	\$17.50	\$22.00
10-Ride Pass General Public	\$10.00	\$12.50
10-Ride Pass Senior/Disabled/Medicare	\$5.00	\$6.25

APPROVED: _____
Blair King, City Manager

As shown above, the proposed fares are similar to the fares presented at the November 4th Council meeting, except for two adjustments. The proposed Dial-A-Ride (DAR) fare surcharge for traveling outside the City limits was increased by \$0.50 to \$1.50 and the Senior/Disabled/Medicare 10-ride pass was reduced to \$16 to align with the current discounted fare, as suggested at the recent Senior Citizen Commission public meeting.

For the remainder of this fiscal year, the estimated additional revenue resulting from the proposed fare increase is approximately \$32,500. This estimate increased by approximately \$400 based on the proposed DAR surcharge for traveling outside the City limits. The discounted fare for 10-ride pass should not affect revenue projections.

As discussed at the previous Council meeting, the projected revenue includes the assumption that ridership will drop in a similar manner to the last fare increase that occurred in January 2005. At that time, the Fixed Route fares were increased by \$0.50 for the general public and \$0.25 for Senior/Disabled/Medicare passengers, and the Dial-A-Ride fares were increased by \$3.00 for general public and \$0.50 for Senior/Disabled/Medicare passengers. Following the fare increase, the Fixed Route and Dial-A-Ride ridership dropped approximately 17.2 percent and 7.7 percent, respectively.

The proposed transit fares are, in staff's opinion, favorably comparable to other cities in the region, as presented in Exhibit A.

Staff worked with the City's transit contractor, MV Transportation, to determine the additional cost to extend service hours on Saturday and Sunday. Based on MV Transportation's funding model, the additional cost for the extended weekend service is approximately \$50,000. The estimated cost is less than previously presented to Council based on new information provided by MV Transportation.

Prior to the public hearing, two public meetings were held to inform the public about the pending fare increase. Notices for the meetings were posted on all transit buses, Lodi Station, LOEL Senior Center, and Hutchins Street Square and published in the *Lodi News Sentinel*. The results of the public meetings will be presented to City Council at the public hearing.

To balance the transit budget, if Council does not approve the proposed fare increases, staff recommends the weekend service hours approved at the October 21st public hearing. This includes reducing Saturday morning service hours from 7:45 a.m. to 3:09 p.m. to 9:15 a.m. to 3:09 p.m. and eliminating Sunday service.

FISCAL IMPACT: Increased transit fares to offset the increase in extended weekend service operation costs.

FUNDING AVAILABLE: No General Fund revenues are needed to cover the extended service operation costs.

F. Wally Sandelin
Public Works Director

Comparison of Transit Fares

	Fixed Route				Dial-A-Ride/ADA Paratransit			
	General Public Fare	Sr/Dis/Med Fare	Student	Children	General Public (Adult/Children)	Sr/Dis/Med	Student	ADA Paratransit Only
Lodi	\$1.25	\$0.65	\$1.25	5 and under free per 2 fare paying adults	\$7.00	\$2.00	\$7.00	\$2.00
Davis Unitrans	\$1.00	Unlimited Access with free pass, upon approval (Senior= 60+)	Unlimited Access with registration card; without card fare is \$1.00	N/A	none			
Davis Community Transit	none				N/A	N/A	N/A	\$2.00 for customers who qualify under ADA
Elk Grove e-tran/e-van	\$2.25	\$1.10	\$1.10	5 and under free	N/A	\$3.50 local, \$7.50 regional (Srs= 75+)	N/A	\$3.50 local, \$7.50 regional (Srs= 75+)
Escalon	\$1.50	\$0.75	\$1.25	N/A	N/A	N/A	N/A	\$3.00 (provided by SJRTD)
Fairfield	\$1.00	\$0.50	N/A		N/A	N/A	N/A	\$3.00
Galt (DAR) Livermore (Livermore/Amador Valley Transit Authority)	none				\$2.50 / 4 and under free with fare paying adult	\$1.75	\$1.75	N/A
Manteca	\$2.00	\$1.00	N/A	6 and under free	N/A	\$3.50	N/A	N/A
Ripon (service provided by SJRTD Hopper Route 91)	\$1.00	\$0.50	\$0.75	5 and under free	N/A	\$2.00	N/A	N/A
Ripon (service provided by SJRTD Hopper Route 91)	\$1.50	\$0.75	\$1.25	4 and under free	N/A	\$1.00 (Ripon seniors and/or disabled, one Thur/ month, just to Modesto, within 25 miles of town)	N/A	N/A
Roseville	\$1.50	\$0.75	N/A	4 and under free	\$3.75 4 and under free	\$2.25	N/A	\$2.25
Stockton (SJRTD)	\$1.50	\$0.75	\$1.25	5 and under free	N/A	N/A	N/A	\$3.00
Tracy	\$1.00	\$0.50	\$0.75	6 and under free	\$1.25 (only for travel to and from the Unincorporated areas)	\$1.25	N/A	\$1.25

RESOLUTION NO. 2009-_____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING FARE INCREASES FOR GRAPELINE
FIXED ROUTE AND DIAL-A-RIDE/VINELINE SERVICES

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve fare increases for the GrapeLine Fixed Route and Dial-A-Ride/VineLine services, as shown below:

Fixed Route	
General Public (5-59)	\$1.25
Senior/Disabled/Medicare	\$0.65
General Public Monthly Pass	\$44.00
Senior/Disabled/Medicare Monthly Pass	\$22.00
10-Ride Pass General Public	\$12.50
10-Ride Pass Senior/Disabled/Medicare	\$6.25
Dial-A-Ride	
General Public (0-59)	\$7.00
Senior/Disabled/Medicare	\$2.00
10-Ride Pass General Public	\$66.50
10-Ride Pass Senior/Disabled/Medicare	\$20.00
VineLine	
ADA-Certified Passenger	\$2.00
Outside City Limits	
Dial-A-Ride	\$1.50

Dated: December 16, 2009

=====

I hereby certify that Resolution No. 2009-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 16, 2009, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

2009-_____



***Please immediately confirm receipt
of this fax by calling 333-6702***

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

**SUBJECT: PUBLIC HEARING TO CONSIDER TRANSIT FARE INCREASES
AND ROUTE MODIFICATIONS**

**PUBLISH DATE: SATURDAY, NOVEMBER 14, 2009
SATURDAY, NOVEMBER 28, 2009**

LEGAL AD

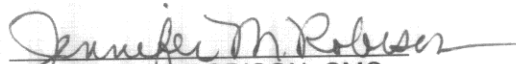
TEAR SHEETS WANTED: One (1) please

SEND AFFIDAVIT AND BILL TO:

RANDI JOHL, CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: WEDNESDAY, NOVEMBER 11, 2009

**ORDERED BY: RANDI JOHL
CITY CLERK**


JENNIFER M. ROBISON, CMC
ASSISTANT CITY CLERK

MARIA BECERRA
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

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Phoned to confirm receipt of all pages at _____ (time) _____ CF _____ MB _____ JMR (initials)



DECLARATION OF POSTING

PUBLIC HEARING TO CONSIDER TRANSIT FARE INCREASES AND ROUTE MODIFICATIONS

On Friday, November 13, 2009, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider transit fare increases and route modifications (attached and marked as Exhibit A) was posted at the following locations:

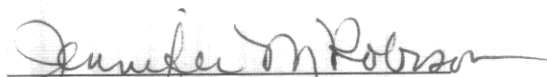
Lodi Public Library
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 13, 2009, at Lodi, California.

ORDERED BY:

**RANDI JOHL
CITY CLERK**


JENNIFER M. ROBISON, CMC
ASSISTANT CITY CLERK

MARIA BECERRA
ADMINISTRATIVE CLERK



CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING

Date: December 16, 2009

Time: 7:00 p.m.

For information regarding this notice please contact:

Randi Johl,

City Clerk

Telephone: (209) 333-6702

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, December 16, 2009**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

a) Transit fare increases and route modifications.

Information regarding this item may be obtained in the Public Works Department, 221 West Pine Street, Lodi, (209) 333-6706. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 West Pine Street, 2nd Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the close of the public hearing.

By Order of the Lodi City Council:

Randi Johl
City Clerk

Dated: November 4, 2009

Approved as to form:

D. Stephen Schwabauer
City Attorney



TM

CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Monthly Protocol Account Report

MEETING DATE: December 16, 2009

PREPARED BY: City Clerk

RECOMMENDED ACTION: None required, information only.

BACKGROUND INFORMATION: The City Council, at its meeting of July 19, 2000, adopted Resolution No. 2000-126 approving a policy relating to the City's "Protocol Account." As a part of this policy, it was directed that a monthly itemized report of the "Protocol Account" be provided to the City Council.

Attached please find the cumulative report through November 30, 2009.

FISCAL IMPACT: N/A

FUNDING AVAILABLE: See attached.

Randi Johl
City Clerk

RJ/JMR

Attachment

APPROVED: _____
Blair King, City Manager

Cumulative Report through November 30, 2009

Prepared by: JMR



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Review of City's Annual Financial Report and Financial Statements (Fiscal Year 2008/09) as Submitted by Gini & O'Connell, LLP

MEETING DATE: December 16, 2009

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Review the following reports and financial statements submitted by Macias, Gini & O'Connell, LLP and the Internal Services department for Fiscal Year 2008/09:

- The Combined Annual Financial and Single Audit Report
- Management Report
- Report on Applying Agreed-upon Procedures

BACKGROUND INFORMATION: The annual audit was conducted to assure the City Council and other interested parties that the City's financial records and reports are prepared in accordance with generally accepted accounting principles (GAAP), that internal controls are adequate to safeguard the City against loss from unauthorized use or disposition of assets and that the City has complied with all agreements and covenants to obtain grant funds and debt financing. Macias, Gini & O'Connell, LLP (MGO) issued an "unqualified opinion." Richard Green, Partner and Scott Brunner, Director of MGO, will provide a presentation and answer questions during the meeting.

The reports will be provided to federal and State oversight agencies, bond trustees and insurance companies for their review and evaluation. Copies of the reports are provided to the City Council and are also available to the public by contacting the Financial Services Division or through the City web site at www.lodi.gov and at the Lodi Public Library.

Certificate of Achievement

The City received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for the 16th year and the California Society of Municipal Finance Officers (CSMFO) for the 10th year in a row. A copy of the GFOA certificate is included in the 2008/09 Financial Reports.

FISCAL IMPACT: By law and good management practice, Lodi's financial records are audited by independent auditors according to Generally Accepted Accounting Standards. Well-maintained financial records are the cornerstone by which the City fulfills its fiduciary responsibilities to the public.

Jordan Ayers
Deputy City Manager

Attachment

APPROVED: _____
Blair King, City Manager

CITY OF LODI, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2009

LARRY HANSEN, MAYOR
PHIL KATZAKIAN, MAYOR PRO TEMP
SUSAN HITCHCOCK, COUNCILMEMBER
BOB JOHNSON, COUNCILMEMBER
JOANNE MOUNCE, COUNCILMEMBER

BLAIR KING, CITY MANAGER

Prepared by the Financial Services Division
Ruby Paiste, Financial Services Manager
Coriene Wadlow, Supervising Accountant
Odette Bondoc, Accountant II

INTRODUCTORY SECTION

**CITY OF LODI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009**

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**CITY OF LODI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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**CITY OF LODI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009**

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CITY COUNCIL

LARRY HANSEN, Mayor
PHIL KATZAKIAN, Mayor Pro
Tempore
COUNCILMEMBERS:
SUSAN HITCHCOCK
BOB JOHNSON
JOANNE MOUNCE

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6706
FAX (209) 333-6795

BLAIR KING

City Manager

RANDI JOHL

City Clerk

STEVE SCHWABAUER

City Attorney

November 16, 2009

**To the Honorable Mayor, Members of the City Council and the Manager
of the City of Lodi:**

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009, is hereby submitted. This report is provided to present the financial position, changes in financial position, and where applicable, cash flows of the City of Lodi (City) as of and for the year ended June 30, 2009, in conformity with generally accepted accounting principles. The report conforms to the highest standards of financial reporting as established by the Governmental Accounting Standards Board (GASB), for reporting by State and local governments. The responsibility for the accuracy, fairness and completeness of the report rests with the City.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. We believe that the information is accurate in all material respects and that it is presented in a manner designed to fairly present the financial position of the City. In addition, we believe that all disclosures necessary to enable the reader to gain full understanding of the City's financial activities have been included.

The CAFR is presented in five sections: introductory, financial, statistical, single audit and continuing disclosure section. The introductory section includes the transmittal letter, the City's organization chart and a list of principal officials. The financial section includes the independent auditors' report, management discussion and analysis (MD&A), the basic financial statements, notes to the financial statements, required supplementary schedules, and the combining and individual statements. The statistical section includes selected financial and demographic information presented on a multi-year basis. The single audit section includes the schedule of expenditures of federal awards, notes to the schedule, and reports on compliance and internal control based on the audit of the basic financial statements and on compliance and internal control with requirements applicable to each major program in accordance with OMB Circular A-133. The continuing disclosure section includes disclosures required by Security and Exchange Commission Rule 15c2-12(b)(5) for any municipal bond issue closing after July 1, 1995.

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

THE REPORTING ENTITY AND SERVICES PROVIDED

The funds included in the CAFR are those deemed dependent upon the City and controlled by the City Council and reflect the City's financial reporting entity in accordance with GASB Statement 14.

The City was incorporated December 6, 1906, as a municipal corporation under the general laws of the State of California. The City operates under a Council-Manager form of government. Under the Council-Manager form of government, policy making and legislative authority are entrusted to the City Council. The City Council consists of five members elected at-large by its voters for four-year terms, with no term limits. Elections are held in November of even-numbered years. Each year the Mayor and Mayor Pro-Tempore are chosen by the members of the City Council. The Mayor presides at Council meetings and acts as the ceremonial head of the City, the Mayor Pro Tempore serves as Mayor in his or her absence. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for appointing department heads, and overseeing the operations of the City. The City Manager, City Attorney and the City Clerk are appointed by the City Council.

The City provides a wide range of municipal services including public safety (police, fire and graffiti abatement), public utilities services (electric, water and wastewater), transportation services (streets, flood control and transit) leisure, cultural and social services (parks and recreation, library and community center), and general government services (management, human resources administration, financial administration, building maintenance and equipment maintenance).

Several municipal services are provided through other government agencies, private companies or public utility companies, including:

	Number of Facilities
Elementary and Secondary Schools	18
Sanitation (solid waste) and Cable Television	3
Ambulance	1
Gas and Telephone	2

ECONOMIC CONDITION AND OUTLOOK

The City is located in the San Joaquin Valley between Stockton 10 miles to the south, and Sacramento 35 miles to the north, and adjacent to U.S. Highway 99. The City population is 63,313 and is contained in an area of 13.92 square miles. The City has grown steadily since incorporation in 1906. The City's growth is provided for in both the General Plan and the City's growth control ordinance that allows an increase in population of 2% per year until the growth limits are reached.

The City is built on a strong and broad based local economy. The City is known for its Zinfandel wine. It is an authentic dynamic wine region with 60 wineries within 10 miles of downtown. The employment base is diversified with food processing, packaging, plastic and service industries.

In addition, the City has a wide range of small, financially sound businesses that add to the economic strength of the City. These companies range in size from 10 to 150 employees and produce a wide variety of products, services and commodities.

Over the past several years, there has been an increase in industrial and residential development that has been unprecedented since the early 1980s. This new development combined with the growing strength of the wine/grape industry is a positive indicator for the City. The City's focus on economic development has encouraged numerous big industries to move to the City that collectively created hundreds of new jobs.

Economic Development

The City continues to be committed to promoting economic development (business retention and attraction) and expanding the tax base to fund City services rather than increase taxes to pay for these services. The City has provided for additional retail sales and commercial activity with approval of new retail developments adjacent to Highway 99 and Harney Lane. The City is also committed to an Enterprise Zone with San Joaquin County.

MAJOR GOALS, OBJECTIVES AND PROJECTS

To assist the citizens of the City in understanding where the City intends to allocate available resources, the City Council, the City Manager and Department Heads established in 2004 a hierarchy of major goals, objectives and major projects that support and re-enforce the City's mission statement.

Four major City goals were established as policy direction and focal points for the efforts of City staff. These goals include:

- Ensure a High Quality of Life and a Safe Environment for Citizens
- Ensure Efficient and Productive City Organization
- Ensure Public Trust, and
- Ensure the Development of the Lodi Economy for a Fiscally Sound City Organization

City Council, the City Manager and Department Heads established nineteen major City objectives:

- | | |
|---|---|
| Maintain City's Sense of Community | Provide Employee Training and Education |
| Provide for a Balanced Community | Evaluate Telecommunications Opportunities |
| Enhance Access through Implementation of Information Systems Strategic Plan | Provide Resources to Maintain City's Infrastructure |
| Promote Urban Forestry | Promote Public Relations and Marketing Efforts |
| Attract, Retain and Invest in a Quality City Work Force | Ensure Open and Accessible Public Meetings |
| Encourage Public Arts, Cultural and Recreational Opportunities | Pursue Efforts to be Entrepreneurial |
| Provide Appropriate and Sufficient City Facilities | Improve Customer Service |
| Develop Short and Long Range Operational Plans | Continue to use Partnerships to Advance City's Objectives |
| Develop Effective Records Management Program | Provide a Balanced Budget & Adhere to Adopted Policies |
| Promote Commercial/Industrial Base | |

Projects represent the foundation of the planning statements for the City. These projects are designed to accomplish specific objectives and become the focus for organization wide effort.

As discussed above, economic revitalization continued to be an active focal point of the City in 2008-09. The following projects are underway and will see significant progress or be completed in 2010.

Water Treatment Plant

The City currently relies on groundwater for its drinking water supply. To add additional capacity and allow recharge of the aquifer, the City expects to request bids for the Phase I construction of an 8 million gallon per day water treatment plant during FY 2009-10. Construction will follow with estimated completion in FY 2011-12.

Lodi Avenue Reconstruction

Lodi Avenue is a major thoroughfare running through the center of the City. The City will be using approximately \$2.2 million in American Recovery and Reinvestment Act (ARRA) funds to reconstruct and beautify a .06 mile portion of Lodi Avenue. Construction is expected to be completed in July 2010.

Energy Efficiency projects

The City was successful in obtaining \$586,200 in Energy Efficiency and Conservation Block Grant Funds under the ARRA. The City will be using the funds for a variety of projects including updating the lighting in a stadium that was originally constructed using Work Project Act funding during the 1930's. Additional projects include updating servers to current energy efficient technologies, installing solar powered trash compactors in parks, updating HVAC controllers in selected buildings and providing a number of energy efficiency education opportunities along with energy efficient upgrades in local businesses.

Tienda Drive Senior Housing and Roget Park

The City is in the process of selling a parcel of land to a developer to build a senior housing project. The land is adjacent to land that had been given to the City to develop a park. Through the sale of the adjacent parcel to the developer, the City will be able to develop the park and have a showcase senior housing development. Construction is expected on both projects in FY 2010-11 with completion in FY 2012-13.

Downtown Summit

Downtown Lodi has been recognized by a respected planning organization as one of the best small-city downtowns in the Central Valley. Approximately twelve years ago, the downtown area underwent a major reconstruction. Recently, the City brought together the downtown property owners and business owners along with the City staff and other interested parties to discuss the future direction of the downtown district. Guest speakers with expertise in downtown development, business improvement districts and directional signage programs were brought in to speak to the group. The event was well received and plans are being developed to continue the momentum generated by the downtown summit.

FINANCIAL INFORMATION, MANAGEMENT AND CONTROL

A detailed understanding of the financial position and operating results of the City is provided in the following sections of this report. The following is a brief description of the City's financial condition, management practices and control techniques.

Basis of Accounting

Basis of accounting refers to the policy as to when revenues, expenditures or expenses are recognized in the financial accounts and reported in the financial statements. The City's accounting records for general government operations are maintained on a modified accrual basis. Revenues are recorded when available and measurable. Expenditures are recorded when the services or goods are received and the liability incurred. For proprietary fund types, the City uses the accrual basis of accounting. As such, the measurement focus is on net income in addition to financial position and changes in financial position. Revenues are recognized when earned and expenses are recognized as the liability is incurred. We

believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Accounting System and Budgetary Control

In developing the City's accounting system, consideration is given to the adequacy of the internal controls. The objective of the City's internal accounting controls is to provide reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; and to ensure that transactions are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that estimates and judgments are required to be made by management in evaluating these costs and benefits.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is responsible for the preparation of the budget and its implementation after adoption. The City Council has the authority to amend the budget at any time during the year. The City Manager has the authority to make adjustments to the budget as long as those changes will not have a significant policy impact nor affect budgeted year-end balances. During fiscal year 2008-09, the City Council and City Manager made several supplemental budget appropriations, the majority of which relate to operating budgets and capital projects.

Fund Balance

It is the City's goal to target and maintain an unreserved, undesignated fund balance in the General Fund and working capital balances in the Water and Wastewater enterprise funds of at least 15% of operating expenditures. Based on a study completed in 2007, the target for the Electric enterprise fund working capital is \$12.9 million. The goals allow for variations from year-to-year to account for economic and fiscal changes. The General Fund maintained an unreserved undesignated fund balance of \$3,383,191 or 8.87%, of operating expenditures at the end of fiscal year 2008-09.

Cash Management

The City has written investment policies that address a wide range of investments. These policies describe the City's investment objectives, investment authority, allowable investment vehicles, maturity terms and eligible financial institutions. They also describe the City's capital preservation and cash management objectives. As provided in the policy, investments are intended to be held until maturity and investment terms are to be consistent with the City's cash flow needs. Investment reports are issued quarterly to the City Manager and City Council to provide detailed information regarding the City's investments and compliance with City policy and as required by state law. An important objective of the City's investment policy is to achieve a reasonable rate of return on public funds while minimizing risks and preserving capital. In evaluating the performance of the City's investment portfolio, investments are expected to yield a rate of return that regularly meets or exceeds an average rate of return on a three-month U.S. Treasury Bill.

Appropriation Limitation

Article XIII B of the Constitution of the State of California (Proposition 4) provides for the limitation of expenditures by state and local governments. Under the provisions of this article, City appropriations funded through tax sources may not exceed Fiscal Year 1979 appropriation levels except as adjusted for increases in population and the growth in the California per capita income or non-residential assessed valuation due to new construction within the City.

Excluded from the limitation are appropriations funded through charges for services, fines and forfeitures, grants, transfers of service responsibilities between government agencies and indebtedness incurred prior to Fiscal Year 1979. Pursuant to subsequent legislation adopted after Article XIII B, the City is required to annually establish and adopt its appropriations limit by resolution. For 2008-09, the City's appropriations subject to limit were \$34,596,860 and the appropriation limit was \$76,227,535 leaving appropriations at \$41,630,673 below the limit.

Debt Administration

At June 30, 2009, the City had outstanding Certificates of Participation of \$163,678,072. These liabilities are discussed in Note 8 of the Basic Financial Statements and summarized below.

The City issued \$5.0 million of Certificates of Participation (1995 COP) to fund its share of capital improvements in the downtown and Cherokee Lane areas. These bonds were refunded by the issuance of the 2002 Certificates of Participation. The City also issued \$1.97 million limited obligation improvement bonds for the Central City Revitalization Assessment District on July 22, 1996. The improvement bonds of the assessment district are not general obligations of the City.

The City also issued \$10.12 million for the renovation of the Performing Arts Center on August 1, 1996; the 2002 Certificates of Participation also refunded these bonds.

In 1999, the Electric Utility issued \$43.96 million Certificates of Participation to finance the costs of certain improvements to the distribution and transmission facilities of the City's electric system. These bonds were refunded by the issuance of the 2002 Electric Systems Revenue Certificates of Participation. The 2002 bonds were also refunded during the fiscal year with the 2008 Electric Systems Revenue Certificates of Participation thereby eliminating a variable rate obligation.

On November 2002, the City issued the 2002 Revenue Certificates of Participation Series C for \$21,225,000 and 2002 Series D for \$22,740,000, to buy out the energy purchase agreement entered into by the City in January 2002 with Calpine.

On October 21, 2003, the City and the City of Fort Bragg issued Water and Wastewater revenue bonds (2003B) through the California Statewide Communities Development Authority ("the Authority") under its pooled financing program. Total bonds issued were \$9,855,000 of which \$5,000,000 was for the upgrade of the City's wastewater facilities.

In 2004, the City issued \$27,360,000 in Wastewater Certificates of Participation (2004A) to finance the costs of improvements to the wastewater collection, treatment and disposal system.

In 2007, the City issued \$30,320,000 in Wastewater Certificates of Participation (2007A) to finance Phase III of the wastewater improvements and to refund the 1991 Certificates of Participation.

On July 24, 2008, the City issued the 2008 Electric System Revenue Certificates of Participation to provide funds to currently refund the outstanding \$46,760,000 principal amount of the Electric System Revenue Certificates of Participation 2002 Series A Variable Rates Certificates (the "Refunded 2002 Certificates"); and to pay certain costs relating to the termination of a swap agreement relating to the Refunded 2002 Certificates.

The City's debt management policy includes a commitment to monitor all forms of debt annually during the preparation of the City's Financial Plan and Budget to ensure compliance. Also, the City will generally conduct financing on a competitive basis, will seek an investment grade rating on any direct debt and will obtain credit enhancements such as letters of credit or insurance when necessary for marketing purposes, availability and cost effectiveness.

Interim Financial Reporting

Monthly financial reports are prepared to present the City's financial condition and results of operations. These executive reports are organized using the "pyramid" approach. As such, the highest level of summary data is presented first, followed by progressively greater levels of detail. The reports provide current period and year to date revenues, expenditures and encumbrances for all activities and funds, including year to date estimates and variances. The reports are available to all departments and to the public on the City's website.

Single Audit

The City is subject to financial and compliance reporting required by the Single Audit Act Amendments of 1996 and OMB Circular A-133, which is a requirement of all local and state governments receiving federal financial awards. As part of the Single Audit, tests are made to determine the adequacy of internal controls, including that portion related to federal financial awards, as well as to determine that the City has complied with certain applicable laws and regulations governing federal funds. The Single Audit report is published as part of the annual financial statements for easy reference.

Competitive Bidding Policy

All required purchases for materials, equipment and services during 2008-09 were made pursuant to competitive bidding procedures as established under the City's purchasing ordinance. Contracts for construction projects were awarded pursuant to competitive bidding procedures established by the State of California for projects in excess of \$5,000.

Risk Management

The City is self-insured for dental care, workers' compensation, general liability and unemployment insurance. General liability and workers' compensation are administered by outside agencies. The City administers unemployment insurance. Self-insurance transactions are accounted for under the Insurance Funds. At June 30, 2009, the Insurance Funds had net assets of \$427,789.

INDEPENDENT AUDIT

The City Council requires an annual audit of the records and accounts of the City by an independent certified public accountant. To ensure internal control, periodically the City conducts a request for proposal (RFP) process for auditing services. The accounting firm of Macias Gini & O'Connell LLP was selected to perform this audit. The independent auditors' report precedes the basic financial statements and concludes that the City's basic financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

CERTIFICATES OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. These Certificates of

Achievement are prestigious national and state awards recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

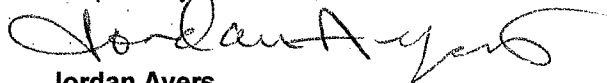
A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last sixteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA this year.

ACKNOWLEDGMENTS

As always the professionalism, dedication and efficiency of the Financial Services Division Accounting staff made it possible for the timely preparation of this report and are to be commended. I would also like to personally thank Ruby Paiste, Financial Services Manager, Cory Wadlow, Supervising Accountant, Odette Bondoc, Accountant II and Tyson Mordhorst, Senior Programmer Analyst. Their work in preparing this year's CAFR is greatly appreciated.

I would also like to thank you for your continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jordan Ayers', written over a horizontal line.

Jordan Ayers
Deputy City Manager/Internal Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lodi
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

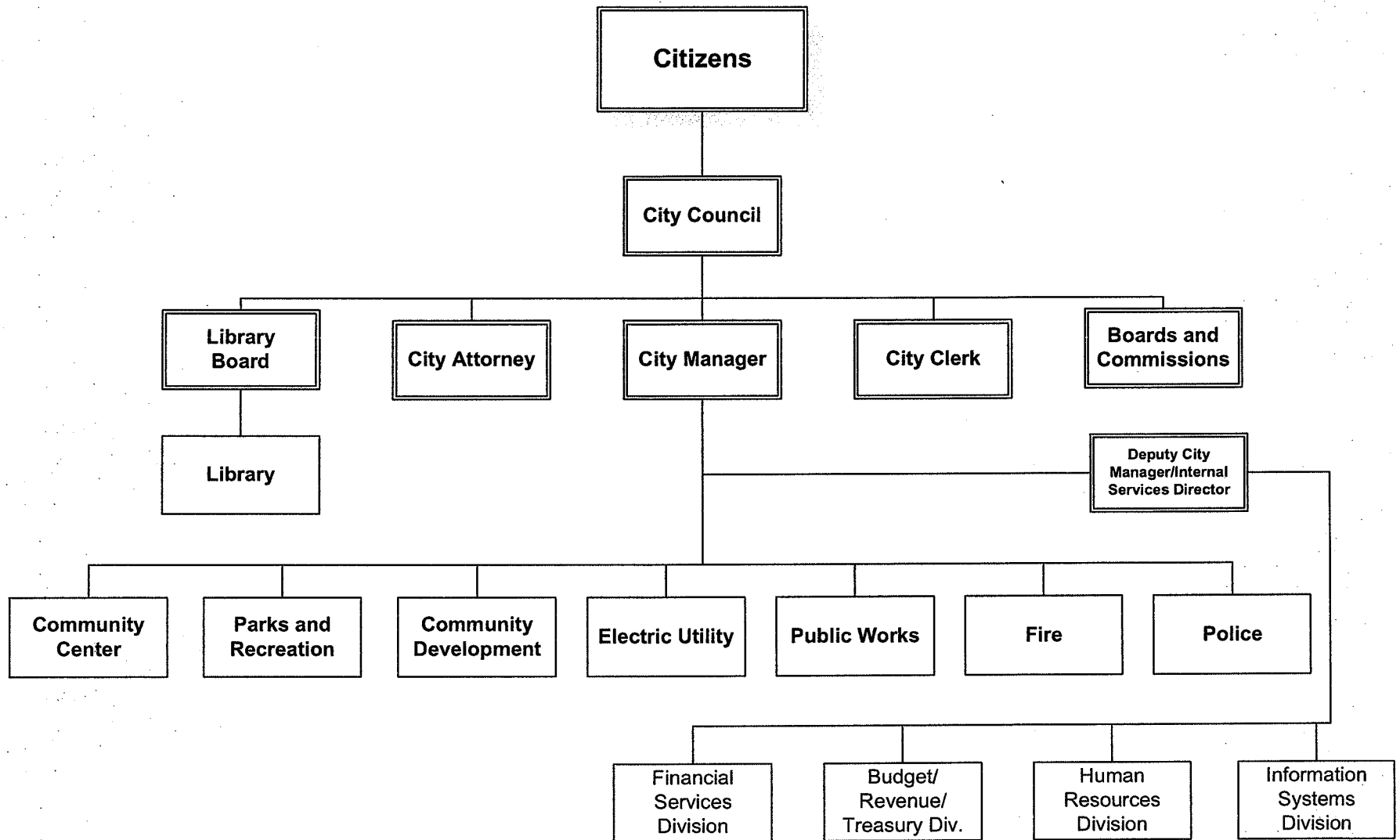
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President

Executive Director

City of Lodi



DIRECTORY OF OFFICIALS AND ADVISORY BODIES

CITY COUNCIL

Larry Hansen
Phil Katzakian
Susan Hitchcock
Bob Johnson
Joanne Mounce

Mayor
Mayor Pro Temp
Council Member
Council Member
Council Member

ADVISORY BODIES

Planning Commission
Library Board
Recreation Commission
Site Plan and Architectural Review Committee
Budget and Finance Committee

Lodi Improvement Committee
Lodi Arts Commission
Youth Commission
Lodi Senior Citizens' Commission

PRINCIPAL ADMINISTRATIVE OFFICERS

Blair King
Jordan Ayers
Steve Schwabauer
Randi Johl
Nancy Martinez
Kevin Donnelly
James Rodems
Wally Sandelin
Ken Weisel
Rad Bartlam
David Main

City Manager
Deputy City Manager
City Attorney
City Clerk
Library Services Director
Interim Fire Chief
Community Center Director
Public Works Director
Interim Electric Utility Director
Interim Community Development Director
Police Chief

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FINANCIAL SECTION

The Financial Section is comprised of the Independent Auditors' Report, Management Discussion and Analysis, Basic Financial Statements, including the notes, required Supplementary Information, and Supplementary Information which includes Combining and Individual Fund Statements and Schedules.



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

SACRAMENTO
3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN DIEGO

The Honorable Members of City Council
City of Lodi, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lodi, California (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers of Post-employment Benefits Other than Pensions* and Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* during the year ended June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedule of funding progress – pension plan, the schedule of funding progress – OPEB plan, and schedule of revenues, expenditures and changes in fund balance – budget and actual – for the General Fund are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and the statistical and continuing disclosure sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The combining and individual nonmajor fund statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory, statistical and continuing disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macie Mini & O'Connell LLP

Certified Public Accountants

Sacramento, California
November 16, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Comprehensive Annual Financial Report is presented as discussion and analysis of the financial performance of the City of Lodi (City) for the fiscal year ended June 30, 2009.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the 2009 fiscal year by \$185,151,549 (net assets). Of this amount, \$38,910,042 is unrestricted net deficit, needed to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$66,828,969 in fiscal year 2009.
- As of June 30, 2009, the City's governmental funds reported combined ending fund balances of \$17,010,318, a decrease of \$3,167,285 in comparison with the prior year. Of this amount, \$15,140,236 is available for spending at the City's discretion (unreserved fund balance).
- At the close of the fiscal year, fund balance for the general fund was \$3,766,188 (of which \$3,383,191 is unreserved and undesignated) or 9.87 % of total general fund expenditures of \$38,161,027.
- The City's total long-term debt increased by \$6,457,558 (2.6%) during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the Financial Statements. This report also includes other **supplementary information** in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through users fees and charges (business-type activities). The governmental activities of the City include general government, public protection, public works, community development, library, and parks and recreation. The business-type activities of the City include electric operations, wastewater operations, water operations and public transit operations.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining financial resources available in the near future to finance City programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, capital projects and debt service). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund and the special revenue funds to demonstrate compliance with this budget.

Proprietary Funds. Proprietary funds are generally used to account for services for which the City charges customers-either outside customers, or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Electric, Wastewater, Water, all of which are considered to be major funds and the Transit system, which is considered to be a nonmajor proprietary fund.

- **Internal Service funds** are used to report activities that account for various employee benefits and self-insurance activities and fleet activities of the City. Because these activities predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The activities of the Downtown and Cherokee Lane special assessments, the Industrial Way-Beckman special assessment and various landscape and lighting districts are accounted for and reported under the fiduciary funds. The activities of the Private Sector trust and the Holz bequest are also accounted for under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, it is not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees, and a schedule comparing budget to actual amounts in the General Fund.

Combining Statements

The combining statements in connection with non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information on pensions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City assets exceeded liabilities by \$185,151,549 at the close of the current fiscal year.

City of Lodi's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	\$ 31,574,708	34,037,758	95,268,567	100,662,535	\$ 126,843,275	134,700,293
Capital assets	138,412,794	132,039,677	186,710,027	179,681,047	325,122,821	311,720,724
Total assets	169,987,502	166,077,435	281,978,594	280,343,582	451,966,096	446,421,017
Liabilities:						
Long-term liabilities outstanding	37,182,469	41,631,099	214,205,305	137,570,894	251,387,774	179,201,993
Other liabilities	7,739,079	5,691,109	7,687,694	9,547,397	15,426,773	15,238,506
Total liabilities	44,921,548	47,322,208	221,892,999	147,118,291	266,814,547	194,440,499
Net assets:						
Invested in capital assets, net of related debt	115,035,793	107,873,736	95,533,308	98,108,325	210,569,101	205,982,061
Restricted	13,492,490	15,043,323		8,656,905	13,492,490	23,700,228
Unrestricted (deficit)	(3,462,329)	(4,161,832)	(35,447,713)	26,460,061	(38,910,042)	22,298,229
Total net assets	\$ 125,065,954	118,755,227	60,085,595	133,225,291	\$ 185,151,549	251,980,518

Assets. The City's total assets increased by \$5,545,079 or 1.24%. The increase is primarily due to the following:

Governmental activities. Total assets for the governmental activities increased by \$3,910,067. Capital assets used to support governmental activities increased by \$6,373,117, resulting from a \$2,590,082 increase in non-depreciable assets primarily construction in progress; and a \$3,783,035 increase in depreciable capital assets such as buildings and improvements, machinery and equipment, vehicles and infrastructure.

Business-type activities. Total assets for the business-type activities increased by \$1,635,012 or 0.58%. The increase is mainly attributed to the increase in capital assets of \$7,028,980, primarily from construction in progress, buildings and improvements and machinery and equipment.

Liabilities. The City's total liabilities increased by \$72,374,048 or 37.22%. The increase is primarily due to the following:

Governmental activities. Total liabilities for the governmental activities decreased by \$2,400,660. Historically, the City reported its retiree sick leave conversion medical benefits as part of the compensated absences. This year, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement generally requires governments to account for and report the annual cost of other postemployment benefits (OPEB) and the outstanding obligations related to OPEB in essentially the same manner as pensions. Annual OPEB cost for most governments will be based on actuarially determined amounts that, if paid on an ongoing basis, would generally provide sufficient resources to pay benefits as they become due. GASB allows governments to apply this statement prospectively, establish the OPEB liability at zero at the beginning of the initial year of implementation, and does not require governments to fund the OPEB plans.

The City established its OPEB liability at zero this year and removed the previously accrued retiree sick leave conversion healthcare benefits for a total of \$4,357,678 from the compensated absences liability. The outstanding obligation related to OPEB was \$1,195,521 at June 30, 2009, and reported as part of the City's liabilities. Other insignificant activities accounted for the remaining decrease.

Business-type activities. Total liabilities for the business-type activities increased by \$74,774,708 or 50.83%. The increase is primarily attributable to the City's implementation of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The Statement establishes once any five specified obligating events occurs, that a government is required to estimate the components of the expected pollution remediation outlays and determine whether the outlays for those components should be recorded as a liability or, if appropriate, capitalized when goods and services are acquired. The City has restated its beginning net assets by \$70,505,924, to recognize the City's estimated pollution remediation obligation as of July 1, 2008. The outstanding pollution remediation obligation as of June 30, 2009, was \$69,952,135.

Net Assets. The City's overall financial position has declined during the fiscal year. The net assets have decreased by \$66,828,969 or 26.52%. A decrease of \$65,728,223 resulted from adjustments to the beginning assets due to the implementation of GASB Statement No. 45 and GASB Statement No. 49 as discussed earlier.

The largest portion (\$210,569,101) of the City's net assets reflects its investment in capital assets net of any associated depreciation (e.g., land, buildings and improvements, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$13,492,490 (7.29%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted deficit amounts to \$38,910,042. At the end of the current fiscal year, the City is able to report positive balances in two categories of net assets for the government as a whole. Unrestricted net assets are negative for both the governmental and business-type activities.

Refer to page 10 for analysis of the business-type activities unrestricted net assets.

City of Lodi's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues						
Program revenues:						
Charges for services	\$ 4,784,593	5,125,103	95,314,241	90,003,049	\$ 100,098,834	95,128,152
Operating grants and contributions	1,950,601	2,304,734	3,653,466	3,380,952	5,604,067	5,685,686
Capital grants and contributions	10,822,032	4,717,336	5,774,006	8,064,375	16,596,038	12,781,711
General revenues:						
Property taxes	13,563,551	13,838,387			13,563,551	13,838,387
Other taxes	9,952,613	10,874,018			9,952,613	10,874,018
Grants and contributions not restricted to specific programs	8,248,606	9,593,031			8,248,606	9,593,031
Litigation - environmental lawsuits proceeds			2,010,085	8,891,315	2,010,085	8,891,315
Other	2,849,319	2,084,506	3,275,486	4,745,278	6,124,805	6,829,784
Total revenues	<u>52,171,315</u>	<u>48,537,115</u>	<u>110,027,284</u>	<u>115,084,969</u>	<u>162,198,599</u>	<u>163,622,084</u>
Expenses						
General government	9,450,858	8,306,827			9,450,858	8,306,827
Public protection	27,110,381	25,531,071			27,110,381	25,531,071
Public works	10,464,204	12,224,480			10,464,204	12,224,480
Community development	1,322,428	2,027,038			1,322,428	2,027,038
Library	1,495,407	1,695,638			1,495,407	1,695,638
Parks and recreation	4,609,091	4,414,367			4,609,091	4,414,367
Interest on long-term debt	1,133,880	1,165,982			1,133,880	1,165,982
Electric			73,357,886	65,201,065	73,357,886	65,201,065
Wastewater			10,939,721	12,227,529	10,939,721	12,227,529
Water			9,604,024	9,919,629	9,604,024	9,919,629
Transit			4,832,465	3,907,965	4,832,465	3,907,965
Total expenses	<u>55,586,249</u>	<u>55,365,403</u>	<u>98,734,096</u>	<u>91,256,188</u>	<u>154,320,345</u>	<u>146,621,591</u>

Changes in net assets before special item and transfers	(3,414,934)	(6,828,288)	11,293,188	23,828,781	7,878,254	17,000,493
Special item- swap termination			(8,979,000)		(8,979,000)	
Transfers	5,367,983	3,692,758	(5,367,983)	(3,692,758)		
Changes in net assets	1,953,049	(3,135,530)	(3,053,795)	20,136,023	(1,100,746)	17,000,493
Net assets at beginning of year, as previously reported	118,755,227	121,890,757	133,225,291	113,089,268	251,980,518	234,980,025
Change in accounting principles	4,357,678		(70,085,901)		(65,728,223)	
Net assets at beginning of year, as restated	123,112,905	121,890,757	63,139,390	113,089,268	186,252,295	234,980,025
Net assets at end of year	\$ 125,065,954	118,755,227	60,085,595	133,225,291	\$ 185,151,549	251,980,518

Analysis of Changes in Net Assets

Governmental activities.

Net assets for the governmental activities increased by \$1,953,049 in the current fiscal year.

The key factors impacting the change in net assets are:

- Negative revenue growth
- Slow down on new developments
- Increase in personnel costs
- Charges for services decreased by 7%, a net amount of \$340,510 from the prior fiscal year largely from decreased revenue from engineering inspection fees (\$213,098), in engineering fees (\$249,085), and community development fees mainly building permits (\$197,378). Other insignificant increases offset the difference.
- Operating grants and contributions decreased by \$354,133 or 15 % largely from the shift of the After School program grant to the Lodi Unified School District.
- Capital grants and contributions increased by \$6,104,696 or 129% from prior fiscal year. Increase in capital contributions (\$7,400,558) was mainly attributable to the commercial developments at Reynolds Ranch, Sacramento Street reconstruction and the Lower Sacramento road widening project.
- Property taxes – decreased by \$274,836 or 2% compared to prior year. The dismal housing market and the continuing decline in market values falling below the assessed values caused homes to be reassessed and affected property tax revenues in the current year.
- Other taxes decreased by \$921,405 or 8% - In prior years, both Sewer (\$830,000) and Water (\$418,700) Funds paid in-lieu taxes to the General Fund. Beginning the current year, both funds ceased paying in-lieu taxes and the cost of services were based on a cost study to adequately charge both funds for administrative costs. This decrease was offset by the increase in waste removal franchise fees (\$263,266) and the increase in cable television franchise fees (\$141,679).
- Grants and contributions not restricted to specific programs decreased by \$1,344,425 or 14%. Sales tax revenues declined by \$1,271,428 and State motor vehicle license fees decreased by \$72,997. Business close-outs and the continuing decline in both prices and consumer spending on most taxable goods largely contributed to the decrease in sales tax revenue.

- Other revenues increased by \$764,813 or 37% from prior fiscal year. This increase was primarily from the one-time sale of land on 217 E. Lockeford (\$339,852) and the receipt of donations used for the Library renovation and HVAC projects (\$555,000).

Expenses for governmental functions totaled \$55,586,249 an increase of \$220,846 from the prior fiscal year.

Business-type activities.

Business-type activities decreased the City's net assets by \$3,053,795 in the current year. The key elements of this decrease are:

- Capital Contributions: Net decrease of \$2,290,369.
 Electric Fund - \$249,504 – a decrease of \$735,281 from prior year.
 Wastewater Fund - \$2,083,307 – a decrease of \$4,376,265 from prior year.
 Water Fund - \$525,092 – an increase of \$494,309.
 Transit Fund - \$2,916,103 – an increase of \$2,326,868.
- Proceeds from litigation settlements - \$2,010,085 - a decrease of \$6,881,230 from prior year.
- Swap termination payment of \$8,979,000.

The City's Energy Cost Adjustment (ECA) was established with the intent to automatically adjust the electric rates for monthly fluctuations in the City's purchased power expenses. Bulk power costs increased in the current year and by way of the ECA charge, operating revenue increased by \$4,715,596 in the current year.

Wastewater and water rates were also increased based on CPI change during the year resulting in increased operating revenues of \$184,997 or 2% in Wastewater Utility; and \$437,154 or 4% in Water Utility.

Electric fund expenses increased by \$8,156,821 primarily due to increased purchased power costs of \$6,793,025, increase in interest expense of \$759,608 and increase in personnel cost of \$342,718.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, special revenue funds, debt service fund and capital projects funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,010,318, a decrease of \$3,167,285 in comparison to the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,383,191 while total fund balance was \$3,766,188, a decrease of \$1,542,674 from prior year. As a measure of the general fund's liquidity, it

may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8.87% of total general fund expenditures.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year for the Wastewater Fund were \$6,990,227 and for the Transit Fund \$1,826,897. The Electric Fund unrestricted deficit was \$3,024,514, Water Fund unrestricted net deficit was \$41,240,323 and the Internal Services Funds unrestricted net deficit was \$642,463.

Other factors concerning the finances of these funds are discussed in the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant differences between the original operating budget and the final amended operating budget in the General Fund were a net decrease in appropriations of \$671,097. The decrease in appropriations can be briefly summarized as follows:

- \$195,949 decrease in general government
- \$286,080 decrease in public protection
- \$212,518 decrease in public works
- \$98,861 decrease in library
- \$122,311 increase in parks

Significant differences between the final budget and the actual revenues and expenditures can be briefly summarized as follows:

- Intergovernmental revenues – an unfavorable variance of \$965,590 was attributable to an unexpected downturn comprised primarily of sales tax (\$928,322) and the state motor vehicle in-lieu (\$79,071) offset by various increases.
- Charges for services – an unfavorable variance of \$237,813 was largely from the decline in engineering inspection fees (\$110,421), decrease in engineering fees (\$339,198), and offset by increase in contract work for others (\$125,697); strike team reimbursements (\$139,287); and various decreases in other revenues.
- Fines, forfeits and penalties – a favorable variance of \$157,774 resulted from enhanced revenues through moving violations (\$64,994), late payments for utilities (\$88,651), and utility connections (\$15,788).
- Miscellaneous revenues – a favorable variance of \$353,104 is primarily attributable to the sale of land located at 217 E. Elm Street.
- For expenditures, a favorable variance between the final budget and actual expenditures of \$950,557 was due to savings from several vacancies and the continued overall effort to reduce spending and costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$325,122,821 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 4.30% (a 4.83% increase in governmental activities and 3.91% increase in business-type activities) as shown in the table below.

	Changes in Capital Assets, Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 24,099,912	\$ 24,016,374	\$ 5,438,359	\$ 5,438,359	\$ 29,538,271	\$ 29,454,734
Buildings and Improvements	35,651,579	36,522,080	26,271,445	24,691,134	61,923,024	61,213,214
Machinery and Equipment	1,613,652	1,383,916	99,010,483	96,652,254	100,624,135	98,036,174
Vehicles	1,238,294	1,369,953	2,683,977	2,694,895	3,922,271	4,064,844
Infrastructure	69,678,224	65,122,765			69,678,224	65,122,765
Work of Art	62,024	62,024			62,024	62,024
Construction in Progress	6,069,109	3,562,565	53,305,763	50,204,405	59,374,872	53,766,969
Total	<u>\$ 138,412,794</u>	<u>\$ 132,039,677</u>	<u>\$ 186,710,027</u>	<u>\$ 179,681,047</u>	<u>\$ 325,122,821</u>	<u>\$ 311,720,724</u>

A significant increase in construction in progress compared to prior year was primarily due to the ongoing Phase III improvements to the White Slough Pollution Control Facility; the Lodi Lake boat house project; the finance relocation project; and the Lodi Public Library renovation and HVAC projects. The increase in building and improvements is due to the completion of the Municipal Service Center Transit Vehicle Maintenance Facility.

Additional information on the City's capital assets can be found in Note 6 on pages 44-46 of this report.

Long-term debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$163,678,072. Of this amount, \$22,855,000 is the outstanding balance of the bonds issued to fund the new public safety building, refinancing of the performing arts center and the downtown and Cherokee Lane improvements. The total of \$140,823,072 from the business-type activities consists of \$57,589,159 for the Wastewater Fund; and \$83,233,913 for the Electric Fund.

City of Lodi's Outstanding Debt

	<u>Governmental Activities</u>	<u>Business-type activities</u>	<u>Total</u>
Certificates of Participation	\$ 22,855,000	140,823,072	163,678,072

The City's total bonded debt increased by \$6,737,212 during the current fiscal year.

Bond Rating

In May of 2008, Standard & Poor's Rating Services upgraded the rating on outstanding electric utility debt instruments to A- with a stable outlook as a result of improved financial performance due to the implementation of various policies instituted by new management.

Additional information on the City's long-term debt can be found in Note 8 on pages 47-54 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The collapse of the real estate market and the banking industry are the obvious consequences of the faltering economy along with the increase in unemployment rate across the country. Closures of automobile dealerships have also dramatically changed the sales tax base throughout the state. Sales tax, which once was the City's largest General Fund revenue source, is projected to drop to the second largest revenue source behind property taxes. Building and construction also slowed contributing to the decrease in development fee revenues. The State with its own budget crisis, has adopted a program that will borrow property tax revenue from local governments under the provisions of Proposition 1A thereby creating a receivable from the State. The City has sold its receivable to a joint powers agency that will make the City revenue stream whole for FY 2009-10.

Lodi continues to employ best management practices and be focused on creating a financially sustainable City with appropriate reserves and expenditure controls. To this end, the City was quick to take action to revise the FY 2008-09 budget when it became apparent the revenue estimates would be below budgeted levels. The City sought and received the assistance of labor groups to reduce payroll and benefits costs. The FY 2009-10 budget focused on the following issues and approach: manage declining General fund revenues while maintaining the broad range of services; reduce staff and/or personnel costs; streamline functions; avoid using one-time revenues or relying on future revenue that may not materialize; maintain balance among services; and complete the General Plan and address Wastewater Fund and Water Resource issues.

For FY 2009-10, General Fund revenues have declined and the City has reduced expenditures accordingly to maintain a balanced budget. In terms of reducing costs, management and various employee organizations have agreed to a mix of reductions in work hours, benefits, and compensation to avoid large-scale layoffs. Staff levels for FY 2009-10 are proposed to be approximately the same as they were in FY 1999-2000.

Economic Development

During this difficult economic time, the City has fared better than the surrounding area, as a whole. While not immune to the current foreclosure crisis, the City housing stock has seen fewer foreclosures and has maintained housing values better than the surrounding communities.

The City's unemployment rate continues to track roughly 4 percent lower than that of San Joaquin County. The City's diversified economic base continues to help the City maintain its revenue base.

Although agriculture is an important part of the City's past, present and future by providing residents with employment on farms and in processing plants, there are even more jobs in food and plastics manufacturing and in health-related businesses.

Lodi Memorial Hospital, Blue Shield and Cottage Bakery have the highest year-round employment in the City, and large national and international manufacturers such as General Mills, CertainTeed and Thule find the City an attractive base for their West Coast operations.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Financial Services Division of the City of Lodi at 310 W. Elm Street, Lodi, California, 95240.

BASIC FINANCIAL STATEMENTS

The Government-wide Financial Statements provide a broad overview of the City's financial position and operating results. Information is grouped by governmental activities or business-type activities.

The Fund Financial Statements report information about the City's Governmental Funds, Proprietary Funds, and the Fiduciary Fund.

The notes have an integral role in disclosing information essential to the fair presentation of the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LODI
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 24,183,079	39,775,226	\$ 63,958,305
Accounts receivable, net	3,115,943	8,262,600	11,378,543
Property tax receivable	1,603,438		1,603,438
Interest receivable	86,010	130,886	216,896
Internal balances	(1,225,173)	1,225,173	
Due from other governmental agencies	861,191	1,573,601	2,434,792
Restricted assets	1,687,747	21,516,023	23,203,770
Loan receivable	1,084,000		1,084,000
Advance receivable		5,904,783	5,904,783
Inventory	147,024	1,682,052	1,829,076
Other assets	31,449	5,784	37,233
Deferred charges		15,192,439	15,192,439
Capital assets, net:			
Nondepreciable	30,231,045	58,744,122	88,975,167
Depreciable, net	108,181,749	127,965,905	236,147,654
TOTAL ASSETS	169,987,502	281,978,594	451,966,096
LIABILITIES			
Accounts payable and accrued liabilities	2,543,464	3,184,688	5,728,152
Accrued salaries and wages	1,764,230		1,764,230
Accrued interest	273,747	2,886,738	3,160,485
Unearned revenue	1,962,117	1,616,268	3,578,385
Net OPEB obligation	1,195,521		1,195,521
Long-term liabilities:			
Due within one year	4,606,352	4,530,676	9,137,028
Due in more than one year	32,576,117	209,674,629	242,250,746
TOTAL LIABILITIES	44,921,548	221,892,999	266,814,547
NET ASSETS			
Invested in capital assets, net of related debt	115,035,793	95,533,308	210,569,101
Restricted for:			
Capital projects	11,578,237		11,578,237
Debt service	1,687,747		1,687,747
Other purposes	226,506		226,506
Unrestricted (deficit)	(3,462,329)	(35,447,713)	(38,910,042)
TOTAL NET ASSETS	\$ 125,065,954	60,085,595	\$ 185,151,549

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
STATEMENT OF ACTIVITIES
Year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
PRIMARY GOVERNMENT:						
Governmental activities:						
General government	\$ 9,450,858	1,630,875	27,769	9,526	(7,782,688)	\$ (7,782,688)
Public protection	27,110,381	844,338	831,683	77,459	(25,356,901)	(25,356,901)
Public works	10,464,204	358,301	1,038,268	9,828,830	761,195	761,195
Community development	1,322,428	749,207		17,161	(556,060)	(556,060)
Library	1,495,407	44,167	52,881		(1,398,359)	(1,398,359)
Parks & recreation	4,609,091	1,157,705		889,056	(2,562,330)	(2,562,330)
Interest on long-term debt	1,133,880				(1,133,880)	(1,133,880)
Total governmental activities	<u>55,586,249</u>	<u>4,784,593</u>	<u>1,950,601</u>	<u>10,822,032</u>	<u>(38,029,023)</u>	<u>(38,029,023)</u>
Business-type activities:						
Electric	73,357,886	73,999,938		249,504		891,556
Wastewater	10,939,721	9,276,217	55,576	2,083,307		475,379
Water	9,604,024	11,787,140		525,092		2,708,208
Transit	4,832,465	250,946	3,597,890	2,916,103		1,932,474
	<u>98,734,096</u>	<u>95,314,241</u>	<u>3,653,466</u>	<u>5,774,006</u>		<u>6,007,617</u>
Total primary government	<u>\$ 154,320,345</u>	<u>100,098,834</u>	<u>5,604,067</u>	<u>16,596,038</u>	<u>(38,029,023)</u>	<u>\$ (32,021,406)</u>
General revenues:						
Taxes:						
Property taxes					13,563,551	13,563,551
Franchise taxes					8,356,756	8,356,756
Business license tax					1,190,370	1,190,370
Transient occupancy tax					405,487	405,487
Grants and contributions not restricted to specific programs					8,248,606	8,248,606
Investment earnings					467,048	1,384,935
Litigation - environmental lawsuits proceeds						2,010,085
Other					2,382,271	1,890,551
Special item - swap termination						(8,979,000)
Transfers					5,367,983	(5,367,983)
Total general revenues, special item and transfers					<u>39,982,072</u>	<u>(9,061,412)</u>
Change in net assets					1,953,049	(3,053,795)
Net assets, beginning of year, as previously reported					118,755,227	133,225,291
Change in accounting principles					4,357,678	(70,085,901)
Net assets, beginning of year, as restated					<u>123,112,905</u>	<u>63,139,390</u>
Net assets, end of year					<u>\$ 125,065,954</u>	<u>\$ 60,085,595</u>
						<u>\$ 185,151,549</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

Governmental Fund Types

Governmental funds consist of the General Fund, special revenue funds, debt service fund and capital projects funds.

Major Governmental Fund:

General Fund

This fund is maintained to account for all financial resources that are not restricted as to their use. This includes property and sales taxes, business tax receipts, franchise taxes and various subventions such as Motor Vehicle In-Lieu fees received from the State of California. With the exception of grant programs, General Fund resources can be utilized for any legitimate governmental purpose.

Proprietary Fund Types

Proprietary funds consist of the enterprise funds and the internal service funds.

Major Enterprise Funds include:

Electric Fund

The City established this fund in order to account for the provision of electric services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, source of supply, overhead, systems maintenance, customer service, engineering, administration, capital improvements maintenance and debt service.

Wastewater Fund

This fund was established by the City in order to account for the provision of waste water collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, improvements and debt service.

Water Fund

This fund was established by the City in order to account for the provision of water to the residents of the City as well as some customers in the County. All activities to provide such services are accounted for in this fund, including, but not limited to administration, operations, distribution, maintenance, capital improvements and debt service.

Nonmajor Enterprise Fund:**Transit Fund**

This fund is used to account for the operations of the Dial-A-Ride and the Grapeline bus system.

Fiduciary Fund Type**Private-purpose Trust Funds**

These funds are used to account for assets held by the Library Board as trustee of the Lodi Public Library and for assets held by the City in accordance with the trust agreement on behalf of the Hutchins Street Square.

Agency Fund

This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way Beckman Districts and the Downtown and Cherokee Lane Districts and various landscape and lighting districts around the City.

**CITY OF LODI
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 1,824,807	15,124,620	\$ 16,949,427
Restricted assets		1,687,747	1,687,747
Receivables:			
Accounts, net	2,656,710	458,594	3,115,304
Property taxes	1,603,438		1,603,438
Interest	14,801	46,707	61,508
Due from other funds	1,126,826	492,672	1,619,498
Due from other governmental agencies		861,191	861,191
Loan receivable		1,084,000	1,084,000
Inventory	24,758		24,758
Advances to other funds	294,640	328,385	623,025
Other assets	8,799	7,782	16,581
Total assets	<u>\$ 7,554,779</u>	<u>20,091,698</u>	<u>\$ 27,646,477</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other liabilities	\$ 2,024,361	333,755	\$ 2,358,116
Accrued salaries and wages	1,764,230		1,764,230
Due to other funds		1,619,498	1,619,498
Advances from other funds		1,848,198	1,848,198
Deferred revenue		3,046,117	3,046,117
Total liabilities	<u>3,788,591</u>	<u>6,847,568</u>	<u>10,636,159</u>
Fund balances:			
Reserved	382,997	1,487,085	1,870,082
Unreserved reported in:			
General Fund	3,383,191		3,383,191
Special revenue funds		6,539,775	6,539,775
Capital projects funds		5,217,270	5,217,270
Total fund balances	<u>3,766,188</u>	<u>13,244,130</u>	<u>17,010,318</u>
Total liabilities and fund balances	<u>\$ 7,554,779</u>	<u>20,091,698</u>	<u>\$ 27,646,477</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balances - total governmental funds	\$ 17,010,318
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	
Nondepreciable capital assets	30,231,045
Depreciable capital assets, net	108,145,568
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds as follows:	
Compensated absences	(7,147,947)
Long-term debt	(23,377,001)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due	(273,747)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	1,084,000
Internal service funds are used by management to charge the costs of general liability insurance, workers' compensation insurance, health benefits insurance, other insurance and the cost of operating and maintaining the City's fleet to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	(606,282)
Net assets of governmental activities	\$ <u>125,065,954</u>

CITY OF LODI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 23,516,164		\$ 23,516,164
Licenses and permits	61,783	369,648	431,431
Intergovernmental revenues	8,967,410	4,261,681	13,229,091
Charges for services	1,055,137	2,273,542	3,328,679
Fines, forfeits and penalties	1,415,174	900	1,416,074
Investment and rental income	231,181	690,689	921,870
Miscellaneous revenue	446,404	1,315,209	1,761,613
Total revenues	<u>35,693,253</u>	<u>8,911,669</u>	<u>44,604,922</u>
Expenditures:			
Current:			
General government	6,922,096	1,509,163	8,431,259
Public protection	24,463,771	251,744	24,715,515
Public works	2,967,402	1,690,065	4,657,467
Community development		1,341,445	1,341,445
Library	1,499,720		1,499,720
Parks and recreation	2,160,035	1,615,726	3,775,761
Capital outlay		6,791,260	6,791,260
Debt service:			
Interest and fiscal charges	18,516	1,120,307	1,138,823
Principal payments	129,487	659,453	788,940
Total expenditures	<u>38,161,027</u>	<u>14,979,163</u>	<u>53,140,190</u>
Deficiency of revenues under expenditures	<u>(2,467,774)</u>	<u>(6,067,494)</u>	<u>(8,535,268)</u>
Other financing sources (uses):			
Transfers in	5,367,983	5,241,676	10,609,659
Transfers out	(4,442,883)	(798,793)	(5,241,676)
Total other financing sources (uses)	<u>925,100</u>	<u>4,442,883</u>	<u>5,367,983</u>
Net change in fund balances	(1,542,674)	(1,624,611)	(3,167,285)
Fund balances, beginning of year	<u>5,308,862</u>	<u>14,868,741</u>	<u>20,177,603</u>
Fund balances, end of year	<u>\$ 3,766,188</u>	<u>13,244,130</u>	<u>\$ 17,010,318</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2009

Amounts reported for governmental activities are different because:

Net change in fund balances - total governmental funds	\$	(3,167,285)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays, capital contributions and depreciation expense are as follows:

Capitalized capital outlays		6,791,260
Capital asset contributions		7,400,558
Depreciation expense		(7,799,668)
Book value on disposed capital assets		(17,586)

Long-term debt proceeds, net of discounts, provide current financial resources to governmental funds, but issuing debt proceeds increases long-term liabilities in the statement of net assets. Repayments of the principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets.

Repayments of principal are as follows:

Capital leases		129,489
Certificates of participation principal		565,000
Loan principal		94,451

Internal service funds are used by management to charge the costs of certain activities, such as health benefits and self-insurance, costs of operation and maintenance of the City's fleet, to individual funds.

The net revenue (expenses) of the internal service funds are reported with governmental activities.

(1,910,155)

Other expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the governmental funds.

Change in compensated absences		(137,958)
Change in accrued interest		4,943
Change in net assets of governmental activities	\$	1,953,049

**CITY OF LODI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009**

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Wastewater	Water	Nonmajor Fund Transit	Total	
ASSETS						
Current assets:						
Cash and investments	\$ 12,003,103	7,499,322	20,272,801		\$ 39,775,226	\$ 7,233,652
Restricted cash and investments			8,177,185		8,177,185	
Restricted assets with fiscal agents	5,475,101	5,693,071	816		11,168,988	
Receivables:						
Accounts, net	4,931,289	583,995	1,030,886	1,716,430	8,262,600	639
Interest	39,155	25,324	66,407		130,886	24,502
Due from other funds			110,120		110,120	
Due from other governmental agencies		16,196		1,557,405	1,573,601	
Advance receivable	5,904,783				5,904,783	
Inventory	1,465,049	11,749	205,254		1,682,052	122,266
Other assets		4,509	1,275		5,784	14,868
Total current assets	29,818,480	13,834,166	29,864,744	3,273,835	76,791,225	7,395,927
Noncurrent assets:						
Restricted assets with fiscal agents		2,169,850			2,169,850	
Advances to other funds			1,225,173		1,225,173	
Deferred charges	14,196,456	995,983			15,192,439	
Capital assets, net:						
Nondepreciable	6,417,731	48,883,331	2,208,526	1,234,534	58,744,122	
Depreciable, net	37,386,306	49,882,966	27,128,296	13,568,337	127,965,905	36,181
Total capital assets	43,804,037	98,766,297	29,336,822	14,802,871	186,710,027	36,181
Total noncurrent assets	58,000,493	101,932,130	30,561,995	14,802,871	205,297,489	36,181
TOTAL ASSETS	87,818,973	115,766,296	60,426,739	18,076,706	282,088,714	7,432,108
LIABILITIES						
Current liabilities:						
Accounts payable and other liabilities	631,275	462,679	1,496,340	594,394	3,184,688	185,348
Accrued interest	2,166,638	706,137	13,547	416	2,886,738	
Due to other funds				110,120	110,120	
Unearned revenue		87,501	868,218	660,549	1,616,268	
Self-insurance liability						1,953,845
Accrued compensated absences	187,823	136,462		12,907	337,192	57,633
Certificates of participation payable	2,708,889	1,309,133			4,018,022	
Water note payable			175,462		175,462	
Total current liabilities	5,694,625	2,701,912	2,553,567	1,378,386	12,328,490	2,196,826
Noncurrent liabilities:						
Self-insurance liability						4,577,491
Accrued compensated absences	685,519	754,072		68,552	1,508,143	68,552
Certificates of participation payable	80,525,024	56,280,026			136,805,050	
Water note payable			1,409,301		1,409,301	
Net OPEB obligation						1,195,521
Pollution remediation obligation			69,952,135		69,952,135	
Total noncurrent liabilities	81,210,543	57,034,098	71,361,436	68,552	209,674,629	5,841,564
TOTAL LIABILITIES	86,905,168	59,736,010	73,915,003	1,446,938	222,003,119	8,038,390
NET ASSETS (DEFICIT)						
Invested in capital assets, net of related debt	3,938,319	49,040,059	27,752,059	14,802,871	95,533,308	36,181
Unrestricted (deficit)	(3,024,514)	6,990,227	(41,240,323)	1,826,897	(35,447,713)	(642,463)
TOTAL NET ASSETS (DEFICIT)	\$ 913,805	\$ 56,030,286	\$ (13,488,264)	\$ 16,629,768	\$ 60,085,595	\$ (606,282)

CITY OF LODI
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Electric	Wastewater	Water	Nonmajor Fund Transit	Total	
OPERATING REVENUES						
Charges for services	\$ 73,999,938	9,276,217	11,787,140	250,946	\$ 95,314,241	\$ 8,988,662
OPERATING EXPENSES						
Personnel services	5,965,737	2,984,049	1,471,463	258,565	10,679,804	1,301,998
Supplies, materials and services	10,007,935	2,067,646	6,054,427	3,856,538	21,986,534	6,073,355
Utilities	46,481,625	869,129	804,767	70,786	48,226,307	3,417
Depreciation and amortization	6,182,264	2,136,819	1,216,499	646,576	10,182,158	1,447
Claims						3,746,893
TOTAL OPERATING EXPENSES	68,637,561	8,057,643	9,547,156	4,832,465	91,074,825	11,127,110
OPERATING INCOME (LOSS)	5,362,377	1,218,574	2,239,984	(4,581,519)	4,239,416	(2,138,448)
NONOPERATING REVENUES (EXPENSES)						
Investment income	373,038	428,586	570,662	12,649	1,384,935	165,835
Interest expense	(4,720,325)	(2,882,078)	(56,868)		(7,659,271)	
Rent		221,422	15,981	4,200	241,603	
Operating grants		55,576		3,597,890	3,653,466	
Litigation-environmental lawsuits proceeds			2,010,085		2,010,085	
Other revenues	822,338	396,731	334,969	94,910	1,648,948	62,458
TOTAL NONOPERATING REVENUES (EXPENSES)	(3,524,949)	(1,779,763)	2,874,829	3,709,649	1,279,766	228,293
INCOME (LOSS) BEFORE SPECIAL ITEMS, CAPITAL CONTRIBUTIONS AND TRANSFERS	1,837,428	(561,189)	5,114,813	(871,870)	5,519,182	(1,910,155)
Special item - swap termination	(8,979,000)				(8,979,000)	
Capital contributions	249,504	2,083,307	525,092	2,916,103	5,774,006	
Transfers out	(2,856,383)	(1,451,478)	(1,060,122)		(5,367,983)	
Net special item, capital contributions and transfers	(11,585,879)	631,829	(535,030)	2,916,103	(8,572,977)	
Change in net assets	(9,748,451)	70,640	4,579,783	2,044,233	(3,053,795)	(1,910,155)
NET ASSETS - BEGINNING OF YEAR, as previously reported	10,460,580	55,695,950	52,414,674	14,654,087	133,225,291	1,274,830
Change in accounting principles	201,676	263,696	(70,482,721)	(68,552)	(70,085,901)	29,043
NET ASSETS (DEFICIT) - BEGINNING OF YEAR, as restated	10,662,256	55,959,646	(18,068,047)	14,585,535	63,139,390	1,303,873
NET ASSETS (DEFICIT) - END OF YEAR	\$ 913,805	56,030,286	(13,488,264)	16,629,768	\$ 60,085,595	\$ (606,282)

The notes to the financial statements are an integral part of this report.

CITY OF LODI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Electric	Wastewater	Water	Nonmajor Fund Transit	Total	
Cash flows from operating activities:						
Receipts from customers and users	\$ 75,561,260	9,766,496	14,763,586	345,856	\$ 100,437,198	\$ 64,278
Receipts from interfund services provided	322,520				322,520	8,988,662
Cash paid to suppliers for goods & services	(57,018,009)	(3,347,088)	(6,666,688)	(3,627,780)	(70,659,565)	(8,034,540)
Payments to employees	(6,002,167)	(2,989,408)	(1,471,463)	(246,943)	(10,709,981)	(1,287,304)
Payments for interfund services provided	(2,755)	(774,032)	(775,620)	(53,667)	(1,606,074)	
Proceeds from litigation settlements			2,010,085		2,010,085	
Net cash provided by (used in) operating activities	12,860,849	2,655,968	7,859,900	(3,582,534)	19,794,183	(268,904)
Cash flows from noncapital financing activities:						
Loaned from other funds				110,120	110,120	
Operating grants		55,576		2,097,281	2,152,857	
Transfers out	(2,856,383)	(1,451,478)	(1,060,122)		(5,367,983)	
Net cash provided by (used in) noncapital financing activities	(2,856,383)	(1,395,902)	(1,060,122)	2,207,401	(3,105,006)	
Cash flows from capital and related financing activities:						
Proceeds from Certificates of Participation	61,282,808				61,282,808	
Refunding of Certificates of Participation	(46,760,000)				(46,760,000)	
Swap termination payment	(8,979,000)				(8,979,000)	
Issuance costs - Certificates of Participation	(2,780,161)				(2,780,161)	
Acquisition and construction of capital assets	(660,300)	(6,114,449)	(782,382)	(2,428,579)	(9,985,710)	
Fees received from developers	2,458	261,889	13,086		277,433	
Capital grants received		385,700		2,295,980	2,681,680	
Principal payments on debt	(5,240,000)	(1,270,000)	(169,746)		(6,679,746)	
Interest payments on debt	(4,355,422)	(2,884,242)	(58,278)		(7,297,942)	
Net cash used in capital and related financing activities	(7,489,617)	(9,621,102)	(997,320)	(132,599)	(18,240,638)	
Cash flows from investing activities:						
Rent of City property		221,422	15,981	4,200	241,603	
Interest on investments	420,434	455,767	540,537	25,074	1,441,812	205,171
Net cash provided by investing activities	420,434	677,189	556,518	29,274	1,683,415	205,171
Net increase (decrease) in cash and cash equivalents	2,935,283	(7,683,847)	6,358,976	(1,478,458)	131,954	(63,733)
Cash and cash equivalents, beginning of year	14,542,921	20,876,240	22,091,826	1,478,458	58,989,445	7,297,285
Cash and cash equivalents, end of year	\$ 17,478,204	\$ 13,192,393	\$ 28,450,802	\$ 1,478,458	\$ 59,121,399	\$ 7,233,552
Reconciliation to the statement of net assets:						
Cash and investments	\$ 12,003,103	7,499,322	20,272,801		\$ 39,775,226	\$ 7,233,552
Restricted cash and investments			8,177,185		8,177,185	
Restricted assets with fiscal agents - current	5,475,101	5,693,071	816		11,168,988	
Total cash and cash equivalents	\$ 17,478,204	\$ 13,192,393	\$ 28,450,802		\$ 59,121,399	\$ 7,233,552
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating Income (loss)	\$ 5,362,377	1,218,574	2,239,984	(4,581,519)	\$ 4,239,416	\$ (2,138,448)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	6,182,264	2,136,819	1,216,499	646,576	10,182,158	1,447
Proceeds from litigation settlements			2,010,085		2,010,085	
Other revenues	822,338	396,731	334,969	94,910	1,648,948	62,458
Change in assets and liabilities:						
Decrease in accounts receivable	479,550	73,973	3,051,567		3,605,090	4,328
Decrease in advance receivables	581,924				581,924	
Increase in due from other funds			(110,120)		(110,120)	
Increase in due from other governmental agencies		(9,462)			(9,462)	
Increase in inventory	(126,796)	(1,714)	(12,050)		(140,560)	(7,630)
Decrease (increase) in other assets	30	385	30		445	(2,508)
(Decrease) increase in accounts payable and other liabilities	(404,408)	(1,182,631)	(17,275)	245,877	(1,358,437)	55,898
(Decrease) increase in compensated absences	(36,430)	(5,359)		11,622	(30,167)	14,694
Increase (decrease) in unearned revenue		28,652	(300,000)		(271,348)	
Increase in self-insurance liability						545,336
Decrease in pollution remediation obligation			(553,789)		(553,789)	
Increase in OPEB obligation						1,195,521
Net cash provided by (used in) operating activities	\$ 12,860,849	\$ 2,655,968	\$ 7,859,900	\$ (3,582,534)	\$ 19,794,183	\$ (268,904)
Noncash Investing, Capital and Financing Activities						
Capital asset contributions	\$ 247,046	1,435,718	512,006	250,438	\$ 2,445,208	

CITY OF LODI
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	Private-Purpose Trust Funds	Agency Fund
ASSETS		
Cash and investments	\$ 248,308	\$ 617,876
Receivables:		
Special assessments		78,336
Interest		2,083
TOTAL ASSETS	<u>248,308</u>	<u>698,295</u>
 LIABILITIES		
Agency obligations		698,295
TOTAL LIABILITIES		<u>698,295</u>
 NET ASSETS	 <u><u>\$ 248,308</u></u>	 <u><u>\$</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year ended June 30, 2009

	Private-Purpose Trust Funds
ADDITIONS	
Investment and rental income	\$ 37
Total additions	<u>37</u>
DEDUCTIONS	
Current	
Library	419,287
Interest and fiscal charges	<u>186,691</u>
Total deductions	<u>605,978</u>
CHANGE IN NET ASSETS	(605,941)
NET ASSETS, BEGINNING OF YEAR	854,249
NET ASSETS, END OF YEAR	<u>\$ 248,308</u>

The notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

CITY OF LODI
Notes to Basic Financial Statements
June 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) The Financial Reporting Entity

The City of Lodi (City) was incorporated on December 6, 1906, as a municipal corporation under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: general government, public works, community development, public protection (police and fire), public utilities, library, parks and recreation.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

An elected five-member council governs the City of Lodi. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The component units, although legally separate entities, are, in substance, part of the City's operations and therefore, their activities are blended with data of the City.

Blended Component Units

The blended component units of the City are as follows:

The Lodi Public Improvement Corporation (LPIC) was formed on April 26, 1988, for the purpose of rendering financial assistance to the City in the issuance of the 1988 Certificates of Participation (refunded by the issuance of the 1991 Certificates of Participation) to finance the expansion of the City's White Slough Pollution Control Facility. Since then, several Certificates of Participation were issued to finance various major projects (See Note 8).

The City Council constitutes the Board of Directors of LPIC. The funds of LPIC have been included in the Enterprise (Electric and Wastewater) Funds and in the other governmental funds in the accompanying basic financial statements.

The Lodi Financing Corporation (LFC) was formed on October 12, 1999, for the purpose of assisting the City with the financing of the costs of its environmental abatement program and enhancing the water supply of the City for the use, benefit and enjoyment of the citizens served by the City. The City Council is the Board of Directors of LFC. The funds of LFC are included in the Water Fund in the accompanying basic financial statements.

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part the effect of interfund activity has been removed from

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus and accrual basis of accounting*, as are the proprietary fund and private-purpose trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grant and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds use the accrual basis of accounting, but they do not have a measurement focus.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal year. All other revenues are considered to be available if they are generally collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vacation, sick leave, claims and judgments, are recorded only when payment is due.

Property taxes, other local taxes, licenses, intergovernmental revenues, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available when the City receives cash.

The City reports the following major governmental fund:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

The City reports the following major proprietary (enterprise) funds:

The **Electric Fund** accounts for the provision of electric services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, source of supply, overhead, systems maintenance, customer service, engineering, administration, capital improvements, and maintenance and debt service.

The **Wastewater Fund** accounts for the provision of wastewater collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, improvements and debt service.

The **Water Fund** accounts for the provision of water to the residents of the City as well as some customers in the County. All activities to provide such services are accounted for in this fund, including, but not limited to administration, operations, distribution, maintenance, capital improvements and debt service.

Additionally, the City reports the following fund types:

The **Internal Service Funds** account for the City's claims, benefits and fleet services.

The **fiduciary funds** account for assets held in trust for other agencies.

Private-Purpose Trust Funds are used to account for trust agreements under which the principal and income benefit individuals, private organizations or other governments. They were established to account for assets held and invested by the Library Board as trustee; and to account for assets held by the City in accordance with a trust agreement on behalf of the Hutchins Square. These funds can only be spent in accordance with the trust agreements.

Agency Fund accounts for assets held by the City as a trustee or as an agent for individuals, private organizations, related organizations and/or other governmental units. This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way/Beckman Districts, the Downtown/Cherokee Lane Districts and various landscape and lighting districts around the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed in both the business-type activities in the government-wide and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The City also has the option of the following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges to other City departments from the Electric, Wastewater, Water and Transit Funds. These charges have not been eliminated because elimination would distort the direct costs and program revenues reported in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges for customer services including: electric, wastewater, water and public transportation fees. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

(d) Adoption of New Accounting Standards

The City adopted the *provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers of Post-employment Benefits Other than Pensions*. This statement addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. These benefits are collectively referred to as other postemployment benefits (OPEB).

The City provides healthcare benefits to eligible retirees who elect to convert their unused sick leave balance. The City pays one month's premium for employee and dependents for each day after conversion. The amount of premium paid is the same as the premium paid by the City at the time of retirement.

Historically, the City followed guidance provided by GASB Statement No. 16, *Accounting for Compensated Absences*, to report its liabilities for sick leave benefits. The liabilities were generally calculated for employees eligible for the sick leave conversion who reached the age of 49 and 10 years of service credit. In June 2004, the GASB issued Statement No. 45. This statement generally requires that governments account for and report the annual cost of OPEB and the outstanding obligations related to OPEB in essentially the same manner as pensions. Annual OPEB cost for most governments will be based on actuarially determined amounts that, if paid on an ongoing basis, would generally provide sufficient resources to pay benefits as they come due.

The GASB allows governments to apply this statement prospectively, establish the OPEB liability at zero at the beginning of the initial year of implementation, and does not require governments to fund the OPEB plans. The statement supersedes or amends previous authoritative guidance on accounting and financial reporting for an employer's OPEB expense and related information.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

The City elected to implement GASB No. 45 prospectively beginning the current year and opted to establish its OPEB liability at zero at the beginning of the initial year of implementation; the City's net assets were restated to reflect this change in the accounting principle. As a result, \$4,357,678 and \$420,023 were added to the beginning net assets of the governmental activities and business-type activities, respectively, to recognize the reduction of the City's liabilities for sick leave benefits previously accrued under GASB Statement No. 16. The beginning net assets of individual enterprise fund and internal service funds were also restated to reflect this change in accounting principle.

The latest actuarial valuation determined that the City's annual OPEB cost was \$1,785,173, the City's actual pay-as-you go cost was \$589,652 and the net OPEB obligation as of June 30, 2009, was \$1,195,521 (See Note 11).

The City also adopted the *provisions of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The Statement establishes once any five specified obligating events occurs, that a government is required to estimate the components of the expected pollution remediation outlays and determine whether the outlays for those components should be recorded as a liability or, if appropriate, capitalized when goods and services are acquired.

In accordance with GASB Statement No. 49, the City has restated its beginning net assets by \$70,505,924, to recognize the City's estimated pollution remediation obligation as of July 1, 2008 (See Note 16).

(e) Cash and Investments

The City maintains a cash and investment pool that is available for all funds of the City for the purpose of increasing interest earnings through investment activities. Investments are generally stated at fair value with the exception of guaranteed investment contracts, which are stated at cost. Income earned or losses arising from the investment of pooled cash are allocated to various funds based on month-end cash balances in accordance with California Government Code Section 53647. Changes in fair value of investments are recognized as a component of investment income.

Restricted assets represent the proceeds from debt and other cash and investments held by fiscal agents by agreement that meet the definition of cash and cash equivalents, with the exception of a \$2,169,850 guaranteed investment contract held in the Wastewater Fund which is a long-term investment.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(f) Restricted Cash and Investments

The City established an escrow account (the "Central Plume Fund") into which certain settlement payments were deposited with the mutual agreement between the City and the other parties that these funds will be used exclusively for environmental clean up, investigation or remediation expenses incurred by the City in the Central Plume Area and that it will not be used for the payment of legal or technical fees. These funds are accounted for in the Water Fund.

(g) Restricted Assets with Fiscal Agents

In the Electric Enterprise Fund, restricted assets represent the proceeds of the 2008 Certificates of Participation reserved for debt service. In the Capital Outlay Reserve Fund, the restricted assets represent the proceeds of the 2002 Improvement bonds reserved for debt service. In the Wastewater fund, the restricted assets represent the proceeds of the 2003B, the 2004A and 2007A Certificates of Participation issued for improvements to the City's wastewater collection, treatment and disposal system.

(h) Property Taxes

San Joaquin County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocation factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City's property tax is lien based on the assessed value listed as of the prior January 1st for all real and personal property located in the City. Property sold after the assessment date (January 1st) is reassessed and the amount of property tax assessed is prorated. The assessed value at January 1, 2007, upon which the 2008 levy was based, was \$5,422,385,000.

Secured property taxes are levied on October 1 and are due in two installments on November 1 and February 1. The tax becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is levied on July 1, due on July 31 and becomes delinquent after August 31.

Property taxes levied for the year ended June 30, 2009, are recorded as receivables, net of estimated uncollectible amounts. Property taxes paid to the City by the County within 60 days of the fiscal year end are considered "available" and are, therefore, recognized as revenue.

In 1993, the City made an agreement with the San Joaquin County to participate in the Teeter Plan. The Teeter plan is an alternative method of apportioning property tax money. The cities receive 95% of the property taxes in advance from the County and the 5% remaining after reconciling the cities' balances at June 30. As part of the agreement, the County keeps the penalties and interest on the delinquent taxes.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(i) Due From/Due To Other Funds, Advances To/Advances From Other Funds, and Internal Balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In the fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds." Long-term interfund loans receivable are reported as "advances to other funds." The corresponding long-term interfund loans payable are reported as "advances from other funds." In the government-wide financial statements, these receivables and payables are eliminated within the governmental activities and business-type activities columns. Receivables and payables between the governmental activities and the business-type activities are classified as internal balances.

(j) Transfers

In the fund financial statements, interfund transfers are recorded as transfers in (out) except for transactions that are described below:

Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund at the end of fiscal year.

Reimbursements for expenditures, initially made by one fund that is properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as other revenue in the fund that is reimbursed. Reimbursements are eliminated for purposes of government-wide reporting.

(k) Long-term obligations

In the government-wide financial statements and in the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Gains or losses occurring from advance refunding are deferred and amortized as an expense for both governmental and business-type activities.

(l) Loan receivable

Loan receivable reported in the HOME Program & Community Development Block Grants Special Revenue Fund represent funds the City loaned to a developer on November 15, 1995 for a low-income housing project. The City will receive principal and interest from the original loan in 2025 and can use it for allowable projects or to make new loans.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(m) Advance receivable

Advance receivable reported in the Electric Enterprise Fund represents the City's portion of the Northern California Power Agency's (NCPA) General Operating reserve that is refundable upon demand by the City (See Note 13).

(n) Inventory

General fund inventories are recorded at cost and are recognized as expenditures when consumed rather than when purchased. For the proprietary fund types, inventories are recorded at cost using the weighted average cost method, which approximates market, and expense is recognized when inventories are consumed in operations.

(o) Deferred Charges

Deferred charges reported in the Electric Fund include costs incurred in connection with the issuance of the 2002 Certificates of Participation Series C & D amortized over 9.5 years and the 2008 Certificates of Participation Series A amortized over 24 years. It also includes the buyout cost of the Calpine energy purchase contract amortized over 9.5 years. The deferred charges reported in the Wastewater Fund include costs incurred on the issuance of the 2003B and 2004A Certificates of Participation amortized over 20 years and the 2007A Certificates of Participation amortized over 30 years.

(p) Capital Assets

Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles, infrastructure (e.g., streets, streetlights, traffic signals, sidewalks, and bridges), and electric lines, wastewater lines and storm drains are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets are defined by the City as assets with individual cost of \$3,000 or more and have an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures in the General and other governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized. As required by the Governmental Accounting Standards Board Statement No. 34, beginning July 1, 2002, the City has capitalized infrastructure, primarily its network of streets, as part of the capital assets shown in the governmental activities column on the government-wide statement of net assets. This capitalization included infrastructure that could be identified and has been acquired since July 1, 1980.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

Depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	3 - 40
Machinery and equipment	2 - 40
Vehicles	5 - 15
Infrastructure	10 - 50

(q) Compensated Absences/Vacation and Sick Leave

The City accrues for compensated absences, in the government-wide financial statements and the proprietary funds financial statements, to pay its employees for the unused vacation, compensatory time, and miscellaneous leave. The City is not obligated to pay for unused sick leave if employees terminate prior to retirement.

(r) Self-Insurance

The City is self-insured for general liability, workers' compensation, dental benefits, unemployment and long-term disability. Various City funds are charged premiums for the City's self-insurance liability, which is accounted for in an internal service fund. The accrued liability for estimated self-insured claims represents an estimate of the eventual loss on claims arising prior to year-end including claims incurred but not reported.

(s) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(t) Statement of Cash Flows

A statement of cash flows is presented for proprietary fund types. For purposes of reporting cash flows, the City considers all highly liquid investments with maturities of three months or less when purchased and investments maintained in the pool to be cash equivalents.

(u) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 63,958,305
Restricted assets	23,203,770
Fiduciary funds cash and investments:	
Private-purpose trust funds	248,308
Agency fund	617,876
Total cash and investments	<u>\$ 88,028,259</u>

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 2,371
Deposits with financial institutions	15,790,081
Investments	72,235,807
Total cash and investments	<u>\$ 88,028,259</u>

a) Authorized Investments

The City has adopted an investment policy pursuant to Government Code Section 53601 which authorizes the City to invest in obligations of the U.S. Treasury, U.S. Government agency securities and instruments, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, certificates of deposit, mutual funds that invest in eligible securities, government investment contracts, medium term notes as permitted by the Government Code, and the State of California Local Agency Investment Fund (LAIF). The City is not authorized to enter into reverse repurchase agreements. The City selects its investments based on safety, liquidity and yield.

b) Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by the provisions of the debt agreements and to the extent that they are permissible investments of funds of the City. The following table below identifies the permitted investment types authorized per the City's investment policy. The table also identifies certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

Permitted Investments/Deposits	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One issuer	Minimum Credit Quality
U.S. Treasury Obligations	5 years	100%		AAA
U.S. Agency Securities	5 years	100%		AAA
Banker's Acceptances	180 days	40%	25%	AAA
Certificates of Deposit	5 years	100%	33%	
Negotiable Certificates of Deposit	5 years	30%		
Commercial Paper	270 days	40%		AAA
California State Local Agency Investment Fund (LAIF)	Indefinite	100%	\$40m per account	unrated
Money Market Mutual Funds	Indefinite	20%		AAA
Guaranteed investment contracts (GICs)	5 years	100%		AA-
Medium term Notes	5 years	30%		AAA

c) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

Investment as of June 30, 2009	Maturity		Total
	Less than One Year	One to Five Years	
LAIF	\$ 56,970,508	\$	56,970,508
Money Market Mutual Funds	132,000		132,000
Equities and options	106,716		106,716
Held by bond trustee:			
Money Market Mutual Funds	12,856,733		12,856,733
Guaranteed investment contracts (GICs)		2,169,850	2,169,850
Total	\$ 70,065,957	\$ 2,169,850	\$ 72,235,807

Investments in equities are shares of stocks received by the Library as an endowment from a private citizen.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

d) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The money market funds are registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and have a rating by S & P of "AAA-m-G," "AAA-m" or "AA-m" and rated by Moody's "Aaa," "Aa1" or "Aa2." The GICs and LAIF do not have a rating provided by a nationally recognized statistical rating organization.

e) Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in LAIF and money market mutual funds are not subject to the concentration of credit risk disclosure.

f) Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured deposits. \$15,879,893 of the City's deposits with financial institutions, which exceeded federal depository insurance limits, was collateralized in this fashion.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of another party. The California Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as LAIF.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

g) Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested by all public agencies in LAIF at June 30, 2009 was \$25.2 billion. LAIF is part of the California Pooled Investment Account (PMIA), which at June 30, 2009 had a balance of \$50.7 billion. Of this amount, 14.71% were invested in structured notes and asset-backed securities. PMIA is not SEC-registered, but is required to invest according to California State Code. The average maturity of PMIA investments was 235 days as of June 30, 2009.

The Local Investment Advisory Board has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool of shares in LAIF, which maybe withdrawn, is determined on an amortized cost basis, which is different than the fair value of the pooled treasury's portion in the pool. Withdrawals from LAIF are done on a dollar for dollar basis.

In accordance with GASB Statement 31, investments are marked to fair values annually and an adjustment is made to each fund accordingly. However, actual daily activity is done on a dollar to dollar basis and only a withdrawal from the pool size that jeopardizes pool participants would cause the withdrawal to be done at market value.

(3) ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Receivables of the General Fund, Electric, Wastewater and Water funds are reported net of uncollectible amounts. Total allowance provided for uncollectible amounts related to receivables of the current period are as follows:

Uncollectibles related to late charges and services	\$	18,700
Uncollectibles related to electric sales and services		220,400
Uncollectibles related to wastewater services		57,400
Uncollectibles related to water sales and services		70,900
Total uncollectibles of the current fiscal year	\$	<u>367,400</u>

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(4) INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables at June 30, 2009 are as follows:

Due from	Due to	Amount
Other governmental	General	\$ 1,126,826
Other governmental	Other governmental	492,672
Transit	Water	110,120
		<u>\$ 1,729,618</u>

"Due to" and "due from" balances are recorded primarily when funds overdraw their share of pooled cash or when there are short-term loans between funds. The \$ 1,126,826 and \$492,672 represent cash deficits in other governmental funds. The \$110,120 represents the cash deficit in the Transit Fund.

Advances from	Advances to	Amount
General	Other governmental	\$ 294,640
Other governmental	Other governmental	328,385
Water	Other governmental	1,225,173
		<u>\$ 1,848,198</u>

The \$294,640 from the General Fund to the other governmental is an advance used for the start up costs of a redevelopment agency. The \$328,385 advance from other governmental was used for the Lower Sacramento Road expansion project and other street projects. The \$1,225,173 advanced from the Water Fund was used for the construction of Fire Station #4.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(5) TRANSFERS

Transfers for the year ended June 30, 2009, are summarized as follows:

<u>Transfers in</u>				
		Other		
<u>Transfers out:</u>		<u>General</u>	<u>Governmental</u>	<u>Total</u>
General	\$		4,442,883	\$ 4,442,883
Other governmental			798,793	798,793
Electric		2,856,383		2,856,383
Wastewater		1,451,478		1,451,478
Water		1,060,122		1,062,122
Total	\$	<u>5,367,983</u>	<u>5,241,676</u>	\$ <u>10,609,659</u>

During the year, various interfund transfers were made to finance expenditures, subsidize operating losses and service debt.

Transfers out of \$2,856,383 from the Electric Fund, \$1,451,478 from Wastewater Fund, and \$1,060,122 from Water Fund represent the cost of services reimbursement to the General Fund.

The \$4,442,883 transfers out from the General Fund to other governmental represent transfers of \$1,010,219 to the Debt Service Fund for the principal, interest and fiscal charges required to pay the 2002 Certificates of Participation; \$1,261,872 to the Community Center and \$534,615 to the Recreation Fund; \$685,000 to the Library Fund for the Library renovation and HVAC projects; \$239,947 to Community Development; \$576,223 to the Vehicle and Equipment Fund which include \$511,223 for vehicle replacements and \$65,000 for information systems replacements; and \$135,007 to the Capital Outlay Reserve Fund for public safety software.

The transfer out of \$798,793 from other governmental to other governmental include \$662,515 transferred from Community Center to Debt Service Fund for the principal, interest and fiscal charges required to pay the 2002 Certificates of Participation; \$25,000 transferred from the Vehicle and Equipment Fund to the Capital Outlay Reserve Fund for the animal shelter improvements project; the annual transfer from the Streets Fund of \$96,106 to the Debt Service Fund for the principal and interest payment of the City's Measure K loan from San Joaquin Council of Governments for the construction costs incurred for the Highway 12/Kettleman Lane/Highway 99 Interchange Improvements project; and transfer of \$4,183 from the Community Development, \$5,672 from Recreation Fund, and \$5,317 from the Community Center to the Vehicle and Equipment Fund for fleet replacement.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(6) **CAPITAL ASSETS**

Capital assets activity of the primary government for the year-ended June 30, 2009, was as follows:

<u>Governmental activities</u>	<u>Balance June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
Capital assets, not being depreciated:				
Land	\$ 24,016,374	101,124	(17,586)	\$ 24,099,912
Work of art	62,024			62,024
Construction in progress	3,562,565	3,399,849	(893,305)	6,069,109
Total capital assets, not being depreciated	27,640,963	3,500,973	(910,891)	30,231,045
Capital assets, being depreciated:				
Buildings and improvements	57,018,484	603,932	(124,477)	57,497,939
Machinery and equipment	8,758,944	632,795		9,391,739
Vehicles	9,205,434	229,152	(190,639)	9,243,947
Infrastructure	114,820,174	10,118,271		124,938,445
Total capital assets, being depreciated	189,803,036	11,584,150	(315,116)	201,072,070
Less accumulated depreciation for:				
Buildings and improvements	20,496,404	1,474,433	(124,477)	21,846,360
Machinery and equipment	7,375,028	403,059		7,778,087
Vehicles	7,835,481	360,811	(190,639)	8,005,653
Infrastructure	49,697,409	5,562,812		55,260,221
Total accumulated depreciation	85,404,322	7,801,115	(315,116)	92,890,321
Total capital assets, being depreciated, net	104,398,714	3,783,035		108,181,749
Governmental activities capital assets, net	\$ 132,039,677	7,284,008	(910,891)	\$ 138,412,794

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

<u>Business-type activities</u>	Balance			Balance
	June 30, 2008	Increases	Decreases	June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 5,438,359			\$ 5,438,359
Construction in progress	50,204,405	9,510,485	(6,409,127)	53,305,763
Total capital assets, not being depreciated	55,642,764	9,510,485	(6,409,127)	58,744,122
Capital assets, being depreciated:				
Buildings and improvements	34,483,556	2,503,880		36,987,436
Machinery and equipment	136,904,385	6,380,110		143,284,495
Vehicles	8,104,473	445,570	(184,890)	8,365,153
Total capital assets, being depreciated	179,492,414	9,329,560	(184,890)	188,637,084
Less accumulated depreciation for:				
Buildings and improvements	9,792,422	923,569		10,715,991
Machinery and equipment	40,252,131	4,021,881		44,274,012
Vehicles	5,409,578	456,488	(184,890)	5,681,176
Total accumulated depreciation	55,454,131	5,401,938	(184,890)	60,671,179
Total capital assets, being depreciated, net	124,038,283	3,927,622		127,965,905
Business-type activities capital assets, net	\$ 179,681,047	13,438,107	(6,409,127)	\$ 186,710,027

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:

General government	\$ 607,463
Public protection	884,450
Public works	5,681,752
Community development	651
Library	2,696
Parks and recreation	622,656
Internal service funds	1,447
Total depreciation expense - governmental activities	\$ <u>7,801,115</u>

Business-type activities:

Electric	\$ 1,453,569
Wastewater	2,085,294
Water	1,216,499
Transit	646,576
Total depreciation expense - business-type activities	\$ <u>5,401,938</u>

(7) OPERATING LEASES

The City is obligated under various operating leases for the use of buildings and office space. Total costs for such leases were \$135,365 for the year ended June 30, 2009.

Future minimum lease payments required by lease agreements that have initial or remaining noncancellable lease terms of one year or more as of June 30, 2009, are as follows:

<u>Fiscal Years Ending</u>	
2010	\$ <u>25,000</u>
Total minimum lease payments required under operating leases	\$ <u>25,000</u>

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(8) LONG-TERM OBLIGATIONS

The following is a summary of debt transactions of the City for the year ended June 30, 2009:

	Interest Rates	June 30, 2008	Additions	Reductions	June 30, 2009	Amounts Due Within One Year
Governmental activities:						
Compensated absences, as restated		\$ 7,121,480	1,927,080	(1,774,428)	\$ 7,274,132	\$ 1,927,080
2002 Certificates of Participation	3.0-5.0%	23,420,000		(565,000)	22,855,000	590,000
Note payable	5.0%	245,000			245,000	
Loan payable	4.0%	94,451		(94,451)		
Capital leases	5.3-5.39%	406,490		(129,489)	277,001	135,427
Self-insurance liability		5,986,000	1,953,845	(1,408,509)	6,531,336	1,953,845
Governmental activity long-term liabilities		<u>\$ 37,273,421</u>	<u>3,880,925</u>	<u>(3,971,877)</u>	<u>\$ 37,182,469</u>	<u>\$ 4,606,352</u>
	Interest Rates	June 30, 2008	Additions	Reductions	June 30, 2009	Amounts Due Within One Year
Business-type activities:						
Compensated absences, as restated		\$ 1,875,502	337,192	(367,359)	\$ 1,845,335	\$ 337,192
Pollution remediation obligation, as restated		70,505,924		(553,789)	69,952,135	
California Safe Drinking Water Note Payable	3.41%	1,754,509		(169,746)	1,584,763	175,462
Certificates of Participation:						
2008 Certificates of Participation	3.8-5.05%		60,685,000		60,685,000	
Add deferred amounts:						
For issuance premium			597,808	(24,911)	572,897	24,909
Less deferred amounts:						
From refunding			(7,239,734)	301,656	(6,938,078)	(301,656)
Net			<u>54,043,074</u>	<u>276,745</u>	<u>54,319,819</u>	<u>(276,747)</u>

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

						Amounts Due Within One Year
	Interest Rates	June 30, 2008	Additions	Reductions	June 30, 2009	
2002 Certificates of Participation A & B	Variable	46,760,000		(46,760,000)		
Less deferred amounts:						
From refunding		(6,307,166)		6,307,166		
Net		40,452,834		(40,452,834)		
2002 Certificates of Participation C & D	1.54-5.25%	33,990,000		(5,240,000)	28,750,000	2,920,000
Add deferred amounts:						
For issuance premium		229,732		(65,638)	164,094	65,636
Total		34,219,732		(5,305,638)	28,914,094	2,985,636
2003 Certificates of Participation B	2.0-5.0%	4,245,000		(200,000)	4,045,000	205,000
Add deferred amounts:						
For issuance premium		62,555		(4,102)	58,453	4,102
Total		4,307,555		(204,102)	4,103,453	209,102
2004 Certificates of Participation A	2.0-5.5%	24,445,000		(965,000)	23,480,000	1,010,000
Add deferred amounts:						
For issuance premium		345,752		(21,278)	324,474	21,277
Total		24,790,752		(986,278)	23,804,474	1,031,277
2007 Certificates of Participation A	4.0-5.0%	30,320,000		(105,000)	30,215,000	105,000
Add deferred amounts:						
For issuance premium		242,102		(8,254)	233,848	8,253
Less deferred amounts:						
From refunding		(812,115)		44,499	(767,616)	(44,499)
Net		29,749,987		(68,755)	29,681,232	68,754
Total Certificates of Participation		133,520,860	54,043,074	(46,740,862)	140,823,072	4,018,022
Business-type activity long-term liabilities		\$ 207,656,795	54,380,266	(47,831,756)	\$ 214,205,305	\$ 4,530,676

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, internal service funds self-insurance liability for \$6,531,336 and \$126,185 for compensated absences were included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund and the internal service funds.

Long-term debt payable at June 30, 2009, comprised of the following individual issues:

California Safe Drinking Water Note Payable

The City entered into a contract on October 16, 1991, with the State of California Department of Water Resources to assist the City in financing the construction of water wells enabling the City to meet safe drinking water standards established by the State. The original amount of the note was \$3,129,828 and is secured by the project and to be repaid with user fees collected by the Water Enterprise Fund. Semiannual payments of \$114,012, are payable each October 1 and April 1 through 2017.

Annual debt service requirements to maturity of water note payable are as follows:

Fiscal Year Ending June 30,	Business-type Activities	
	Principal	Interest
2010	\$ 175,462	\$ 52,562
2011	181,496	46,528
2012	187,658	40,366
2013	194,263	33,762
2014	200,872	27,152
2015-2017	645,012	39,059
Total	\$ <u>1,584,763</u>	\$ <u>239,429</u>

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

Note Payable

The City issued a \$245,000 promissory note to James E. Dean and Carol Dean, as trustees of the James E. Dean Family Trust, for the purchase of 307 W. Elm Street property, which is the site of the new Public Safety Building. Interest is payable quarterly and principal is due on April 1, 2012.

Annual debt service requirements to maturity of the note payable are as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2010	\$	\$ 14,700
2011		14,700
2012	245,000	11,025
Total	\$ 245,000	\$ 40,425

Certificates of Participation

\$5,000,000 California Statewide Communities Development Authority Water and Wastewater Revenue Bonds were issued on October 7, 2003. The City of Lodi along with the City of Fort Bragg issued \$9.855 million 2003 Series B revenue bonds through the California Statewide Communities Development Authority (the "Authority") pooled financing program. The City of Lodi's portion is \$5.0 million for the upgrade of its wastewater facilities. Principal is payable annually on October 1 in amounts from \$185,000 to \$365,000 with final payment due October 1, 2023. The City has pledged future wastewater revenues, net of specified operating expenses, to repay \$5.0 million in wastewater revenue bonds. The bonds are payable solely from wastewater customer net revenues. The total principal and interest remaining to be paid on the bonds is \$5,669,411. Principal and interest paid for the current year and total net revenues were \$426,022 and \$4,843,408, respectively.

The Authority's Water and Wastewater Pooled Financing Program is available to California water and wastewater agencies to facilitate the financing or refinancing of capital improvements. The program is available to California cities and special districts that operate water or wastewater enterprises. The Authority is authorized pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code to issue bonds to finance and refinance water and wastewater public capital improvements of local agencies located throughout California.

\$27,360,000 Certificates of Participation (2004A COP) were issued on May 12, 2004 to provide funds to finance the costs of certain improvements to the wastewater collection, treatment and disposal system of the City. Principal is payable annually on October 1 in amounts from \$170,000 to \$2,070,000 with final payment due October 1, 2024. The City has pledged future wastewater revenues, net of specified

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

operating expenses, to repay these bonds. The total principal and interest remaining to be paid on the bonds is \$34,101,412. Principal and interest paid for the current year and total net revenues were \$2,134,856 and \$4,843,408, respectively.

\$30,320,000 Certificates of Participation (2007A COP) were issued on November 16, 2007 to provide funds to finance the costs of certain improvements to the wastewater collection, treatment and disposal system of the City and to provide resources for the repayment of the 1991 Certificates of Participation (Wastewater Treatment Plant Expansion Refunding Project). Principal is payable annually on October 1 in amounts from \$105,000 to \$2,980,000 with final payment due October 1, 2037. The City has pledged future wastewater revenues, net of specified operating expenses, to repay these bonds. The total principal and interest remaining to be paid on the bonds is \$62,010,788. Principal and interest paid for the current year and total net revenues were \$1,591,200 and \$4,843,408, respectively.

\$26,745,000 Certificates of Participation (2002 COP) were issued in January 2002 to provide funds to finance the costs of constructing, furnishing and equipping a new police building and jail for the City; to finance portions of certain other projects and to refund the outstanding 1995 and 1996 Certificates of Participation. As of June 30, 2009, there are no outstanding balances of these refunded Certificates. The 1995 Certificates of Participation (1995 COP) were sold in October 1995 to finance the City Downtown Revitalization and the Cherokee Lane Beautification projects. The 1996 Certificates of Participation (1996 COP) were sold in August 1996 to finance the construction of the Hutchins Street Square Conference and Performing Arts Center. Principal is payable annually on October 1 in amounts from \$730,000 to \$1,600,000 with final payment due October 1, 2031.

\$46,760,000 2002 Variable Rate Demand Series A and **\$8,400,000** 2002 Taxable Series B Electric System Revenue Certificates of Participation were sold in January 2002. The proceeds of the 2002A Certificates of Participation were used to advance refund the 1999 Electric System Certificates of Participation Series A and the 1999 Series B Capital Appreciation certificates. The 1999 Series A and Series B Revenue Certificates of Participation were sold on August 18, 1999, to provide funds to finance the costs of certain improvements to the distribution and transmission facilities of the City's Electric System. The advanced refunded certificates were called in full on January 15, 2009. The proceeds of the 2002B Certificates were deposited in the Rate Stabilization Fund and applied to certain power purchase costs of the City. Series B was fully paid as of June 30, 2005. Series A was refunded in the current fiscal year.

\$21,225,000 Revenue Certificates of Participation 2002 Series C and **\$22,740,000** Revenue Certificates of Participation Series D were issued to buy out the energy purchase agreement with Calpine.

In February 2001, the City entered into an energy purchase agreement (the Original Agreement) with Calpine Energy Services L.P. (Calpine) to purchase 25 MW of energy at \$65/mwh for a ten-year period beginning January 1, 2002. Since the execution of the Original Agreement, actions of the State in connection with the energy market conditions, including the initiation of conservation programs, and other factors, have resulted in lower electric load requirements and reduced energy costs throughout the State. As a result, the City's need for the energy purchased under the Original Agreement to serve its load has been reduced. The Original Agreement was amended on September 4, 2002, and was divided into three parts. The City sold its interests in the energy purchased under the Original Agreement to Calpine and nets the payments due from the City with respect to its purchase of such energy against the payments due from Calpine with respect to its purchase of the City's rights to such

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

energy. On November 21, 2002, the City issued \$21,225,000 Revenue Certificates of Participation 2002 Series C and \$22,740,000 Revenue Certificates of Participation 2002 Taxable Series D to buy out the amended contract in the amount of \$42,406,175.

The various indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts and minimum revenue bond coverage. The City is in compliance with all such significant limitations and restrictions.

The City has pledged future electric revenues, net of specified operating expenses, to repay these bonds. The total principal and interest remaining to be paid on the bonds is \$33,703,067. Principal and interest paid for the current year and total net revenues were \$6,889,865 and \$16,825,594, respectively.

Current Refunding

The City issued **\$60,685,000** Certificates of Participation (2008A COP) on July 24, 2008 to allow the City to prepay and cause the immediate defeasance of the outstanding \$46,760,000 Certificates of Participation (Electric System Revenue Certificates of Participation 2002 Series A Variable Rate Certificates) and to pay \$8,979,000 for the termination of a swap agreement related to the refunded 2002 certificates. The termination payment is presented as a special item on the government-wide statement of activities and the statement of revenues, expenses and changes in net assets of the proprietary funds. The City has pledged future electric revenues, net of specified operating expenses, to repay these bonds. The total principal and interest remaining to be paid on the bonds is \$108,647,050. Interest paid for the current year and total net revenues were \$3,070,462 and \$16,825,594, respectively.

As a result, the refunded bonds are considered defeased and the liability has been removed from the Electric Enterprise Fund column of the statement of net assets. This current refunding was undertaken to convert the variable interest rate certificates of participation to fixed rate and to terminate the swap agreement related to the certificates of participation resulting in economic gain of \$223,679; and an increase of \$14,567,345 in future debt payments. The reacquisition price exceeded the net carrying amount of the old debt by \$7,239,734. This amount is being netted against the new debt and amortized over the life of the old debt which is the same as the refunding debt obligation. Principal is payable annually on July 1 in amounts ranging from \$2,390,000 to \$5,090,000 beginning in 2016 with final payment due in 2032.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

Annual debt service requirements to maturity for certificates of participation are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 590,000	\$ 1,084,071	\$ 4,240,000	\$ 7,014,776
2011	610,000	1,060,956	4,450,000	6,836,735
2012	630,000	1,036,156	4,700,000	6,640,535
2013	655,000	1,010,047	6,075,000	6,344,375
2014	690,000	981,013	6,325,000	6,031,538
2015-2019	3,905,000	4,390,064	29,500,000	25,870,787
2020-2024	4,925,000	3,340,594	27,485,000	19,838,995
2025-2029	6,280,000	1,958,000	31,620,000	12,498,487
2030-2034	4,570,000	350,250	23,670,000	4,941,250
2035-2038			9,110,000	939,250
Total	\$ 22,855,000	\$ 15,211,151	\$ 147,175,000	\$ 96,956,728

Capital Leases

The City has entered into a lease agreement for financing the acquisition of two fire trucks. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of inception date. The assets acquired through this capital lease are as follows:

	Governmental Activities
Asset:	
Vehicles	\$ 883,037
Less accumulated depreciation	(353,215)
Total	<u>\$ 529,822</u>

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

The present values of future minimum capital lease payments as of June 30, 2009, are as follows:

Fiscal Years Ending	
2010	\$ 148,003
2011	148,003
Total minimum lease payments	<u>296,006</u>
Less amounts representing interest	<u>(19,005)</u>
Present value of minimum capital lease payments	<u>\$ 277,001</u>

Special Assessment District Debt

The City issued limited obligation improvement bonds on July 22, 1996, for the "Lodi Central City Revitalization Assessment District." These bonds have no governmental commitment and debt service is recorded in an Agency Fund. These bonds were issued under the Improvement Act of 1915 and will mature in the year 2011. The City's liability in the event of delinquent assessment shall not exceed the balance of the established Reserve Fund. The amount outstanding as of June 30, 2009, is \$465,000.

Industrial Development Bonds

The City of Lodi has lent its name to the City of Lodi Industrial Development Authority for the purpose of issuing the following industrial development bonds: Minton Corporation \$5,000,000; Dart Corporation \$8,000,000; Wallace Computer Services \$3,000,000; and Luster-Cal Nameplate Corporation \$3,000,000. These bonds are special obligation bonds only, payable solely out of the bond revenues or other sources of the above companies and are not a pledge of the general credit of the City. The City is not obligated for the redemption or administration of these industrial development bonds.

Woodbridge Irrigation District Bonds

On October 8, 2003, the City lent its name to the Woodbridge Irrigation District (the "District") in the procurement of \$11.745 million 2003 Revenue Certificates of Participation, to provide funds to finance the costs of construction of a new diversion dam on the Mokelumne River and related facilities of the water district. A significant portion of the District's sources of payment for the 2003 Certificates are expected to be derived from amounts to be received by the District from the City of Lodi pursuant to an Agreement for purchase of water from the Woodbridge Irrigation District by the City of Lodi, dated May 13, 2003 (the "Lodi Water Sales Agreement"). Under the agreement, the City will purchase 6,000 acre feet of water per annum from the District for 40 years.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(9) NATURE AND PURPOSE OF REPORTED FUND EQUITY

The following is a summary of reserved, unreserved-designated and unreserved-undesignated fund balances at June 30, 2009:

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
Reserved for:			
Library	\$ 11,903		\$ 11,903
Encumbrances	51,696	1,158,700	1,210,396
Advances to other funds	294,640	328,385	623,025
Inventory	24,758		24,758
Total Reserved	<u>382,997</u>	<u>1,487,085</u>	<u>1,870,082</u>
Unreserved-designated for:			
Specific projects and programs		11,757,045	11,757,045
Total Designated		<u>11,757,045</u>	<u>11,757,045</u>
Unreserved - undesignated	<u>3,383,191</u>		<u>3,383,191</u>
Total Fund Balances	<u>\$ 3,766,188</u>	<u>13,244,130</u>	<u>\$ 17,010,318</u>

Reserved Fund Balance

Reserved represents that portion that is legally segregated for specific purposes and is not available for discretionary appropriation.

Unreserved-Designated Fund Balance

Designated represents that portion for which the City has made tentative plans.

Unreserved-Undesignated Fund Balance

Undesignated represents that portion which is available for budgeting in future periods.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(10) DEFINED BENEFIT PENSION PLAN

(a) Plan Description

The City of Lodi contributes to the California Public Employees' Retirement System (PERS); an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office- 400 P Street, Sacramento, CA 95814.

(b) Funding policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 12.058% for miscellaneous employees, 24.128% for fire and police employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

(c) Annual Pension Cost

For fiscal 2009, the City's annual pension cost of \$4,945,023 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) (b) projected annual salary increases that vary by age, length of service, and type of employment (c) 3.25% payroll growth, and (d) 3.00% inflation. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value). PERS unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis. Amortization of the remaining period varies: (a) safety plan over 30 years and (b) miscellaneous plan over 22 years, as of June 30, 2008.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(d) Trend Information

Three-Year Trend information (\$ Amounts in Thousands):

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	\$ 4,437	100%	\$0
6/30/08	4,963	100%	\$0
6/30/09	4,945	100%	\$0

(e) Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the plan was 87% funded. The actuarial accrued liability for benefits was \$203 million, and the actuarial value of assets was \$177 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$26 million. The covered payroll (annual payroll of active employees covered by the plan) was \$27 million, and the ratio of the UAAL to the covered payroll was 93.95%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

(11) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

(a) Plan Description

The City participates in the PERS medical program. Employees who retire from the City and receive a PERS pension are eligible for postemployment medical benefits. The City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. In general, retirees must contribute any premium amounts in excess of the City contribution. However, as described below, a closed group of active employees and retirees receive additional postemployment benefits.

Employees hired prior to the dates shown in the following table are allowed to convert their accumulated sick leave into postemployment medical benefits at retirement as long as they have ten or more years of service with the City.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

Group	Hired prior to:
Executive Management	July 1, 1994
Mid-Management	July 1, 1994
Fire Mid-Management	July 1, 1994
Police Mid-Management	July 1, 1994
General Services	July 1, 1995
IBEW	July 1, 1995
Maintenance and Operators	July 1, 1995
Dispatchers	July 9, 1994
Police	October 10, 1994
Fire	December 6, 1995

The most widely elected options are the "Bank" option and the "Conversion" option. Under the "Bank" option, accumulated sick leave amounts are translated by specified formulas into a bank amount that is then used to pay postemployment healthcare premiums until the "Bank" is exhausted. Under the "Conversion" option, the accumulated sick leave hours are converted by specified formulas into a period of time during which the retiree will receive postemployment benefits. The number of hours is multiplied by 50% and converted to days. The City pays one month's premium for employee and dependents for each day after conversion. For each year of employment in excess of ten years, 2.5% is added to the 50% before conversion. The amount of premium paid will be the same as the premium paid by the City at the time of retirement. In the event that the premium increases, the retiree pays the difference.

The City also allows a surviving dependent of a retiree to enroll in the Sick Leave Conversion program to purchase medical insurance at the employee only premium for the same period as if the retiree had not died. Retirees are allowed to enroll in any of the available PERS medical plans. The PERS minimum amount will continue for the life of the retiree and surviving spouse. The "Conversion" benefit will continue until the end of a period that is based on accumulated sick leave at retirement.

(b) Funding Policy

Contribution requirements of the postemployment benefit are based on pay-as-you-go financing. For fiscal year 2008-09, the City contributed \$589,652, or 33.03%, of the actuarially required contributions.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(c) Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution/annual OPEB cost (expense)	\$ 1,785,173
Contribution made	(589,652)
	<hr/>
Increase in net OPEB obligation	1,195,521
Net OPEB obligation - beginning of year	<hr/> -
Net OPEB obligation - end of year	\$ <u><u>1,195,521</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY 2008-09, the initial year implementing GASB Statement No. 45, is as follows:

Fiscal year ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2009	\$ 1,785,173	33.03%	\$ 1,195,521

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(d) Funding Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the funded status of the Retiree Health Plan was as follows:

Actuarial accrued liability (AAL)	\$ 23,323,165
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	<u>\$ 23,323,165</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Annual covered payroll (active plan members)	\$ 9,846,065
UAAL as percentage of annual covered payroll	237%

(e) Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and the assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4% discount rate to calculate the present value of future benefit payments; an annual healthcare cost trend rate of 8.5% initially, reduced by .3 percent increments to an ultimate rate of 5.5% in the eleventh year and beyond; the PERS minimum benefit will increase 5% per year; a 3.25% annual rate of increase in payroll; assumed that 100% future eligible retirees will elect to maintain their enrollment in a PERS medical plan and qualify for the City's minimum contribution; 75% of future retirees will enroll a spouse; and also assumed that 100% of General Services, Maintenance and Operators and Dispatchers will elect the conversion option and 50% of Executive Management, Mid Management and Police will elect the option. The conversion option is not available to IBEW and Fire retirees. The unfunded actuarial accrued liability is amortized as a level of percentage of expected payroll over thirty years.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(12) CLAIMS AND BENEFITS

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured as discussed in the following paragraphs for which liabilities are recorded in the Internal Service Fund-Insurance Funds.

The City is self-insured for general liability up to the first \$500,000 per occurrence with claims from \$500,000 to \$40,000,000 per occurrence and in the aggregate insured through the California Joint Powers Risk Management Authority. The City never had any settlements that exceeded its general liability insurance coverage (See Note 14).

The City is self-insured for workers' compensation up to the first \$250,000 per claim. Any claims of \$250,000 up to California statutory limits are covered under a purchased policy through the membership with the Local Agency Workers' Compensation Excess Joint Powers Authority with coverage up to \$300,000,000 in the current year. The City never had any settlements that exceeded its workers' compensation insurance coverage (See Note 14).

The City is fully self-insured for dental and unemployment for its employees.

General liability and workers' compensation claims are administered by an outside agency and all other claims are administered by the City. The City has accrued a liability of \$6,531,336 at June 30, 2009, for all self-insured claims in the Internal Service Fund-Insurance Funds that includes an amount for incurred but not reported claims. The liability amount is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In the opinion of the City, the amounts accrued are adequate to cover claims incurred but not reported in addition to known claims.

Changes in the self-insurance liability for fiscal years ended June 30, 2009 and 2008 are as follows:

	<u>Beginning</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
FY 07-08	\$ 6,396,000	1,589,702	(1,999,702)	\$ 5,986,000
FY 08-09	\$ 5,986,000	1,953,845	(1,408,509)	\$ 6,531,336

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(13) PARTICIPATION IN JOINT VENTURES

Northern California Power Agency

The City, along with fourteen other public agencies, is a member of the Northern California Power Agency (NCPA) that was formed in 1968 as a joint powers agency. Its membership consists of eleven cities with publicly owned electric utility distribution systems, one irrigation district, one public utility district, one port authority and four other associate member entities. NCPA is generally empowered to purchase, generate, transmit, distribute and sell electrical energy. Members participate in the projects of NCPA on an elective basis. A commission comprising of one representative from each member organization governs NCPA. The commission is responsible for the general management of the affairs, property and business of NCPA. Under the direction of the general manager, the staff of NCPA is responsible for providing various administrative, operating and planning services for NCPA and its associated power corporations.

Project Financing and Construction

NCPA's project construction and development programs have been individually financed by project revenue bonds collateralized by NCPA's assignment of all payments, revenues and proceeds associated with its interest in each project. Each Project Participant has agreed to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, reduction or curtailment of output from the project for any reason. Certain of the revenue bonds are additionally supported by municipal bond insurance credit enhancements.

Increase in Non-defaulting Project Participant's Original Project Entitlement Percentage

Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Member Agreement for the projects, and except as sales and transfers are made pursuant thereto, the Member Agreements provide that Project Entitlement for each non-defaulting Project Participant shall be automatically increased for the remaining term of the Member Agreement; pro rata with those of the non-defaulting Project Participant thereunder; provided, however, that the sum of such increase for any non-defaulting Project Participant shall not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 25% of the non-defaulting Project Participant's original Project Entitlement Percentage Share.

General Operating Reserve with NCPA

Members of NCPA established a general operating reserve in 1992 for the purposes of providing a vehicle to fund reasonably foreseeable contingent liabilities. It was set up primarily to provide the following advantages: minimizes the number and dollar amount of reserve that might otherwise be funded separately in connection with NCPA's individually financed operating plants, projects and programs; provides each member with flexibility and unilateral control over the determination of what they will fund, how they will fund it and what expenditures from the reserve will be made on their individual behalf. It provides funding for contingent liabilities that are not budgeted but that may require significant future expenditures. The reserve is segregated by participant and is refundable on demand by the participant.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

As of June 30, 2009, the City's balance in the NCPA General Operating Reserve, which has been credited with annual interest earnings and settlements, is \$5,904,783.

Project Participation

The NCPA members and their percentage share at June 30, 2009, which is the most recent available data, are as follows:

	<u>Geothermal Project</u>	<u>Hydro Electric Project</u>	<u>Combustion Turbine Project #1</u>	<u>Multiple Capital Facilities</u>	<u>Transmission Project</u>
Alameda	16.8825%	10.00%	13.092%	19.00%	30.3590 %
Biggs	0.2270		.118		0.4082
Gridley	0.3360		.210		0.7103
Healdsburg	3.6740	1.66	3.500		6.6068
Lodi	10.2800	10.37	8.036	39.50	18.4861
Lompoc	3.6810	2.30	3.500	5.00	6.6194
Palo Alto		22.92			11.0736
Plumas-Sierra Rural Electric Coop	.7010	1.69	1.090		1.4647
Roseville	7.8830	12.00	40.000	36.50	14.1756
Santa Clara	44.3905	37.02	25.000		
Turlock Irrigation District	6.3305				
Ukiah	5.6145	2.04	5.454		10.0963

Bulk power purchased by the City through NCPA amounted to \$46,404,576 during the year ended June 30, 2009 and is reflected in utilities expense in the Electric Enterprise Fund.

NCPA Geothermal Project

A purchase power agreement with NCPA obligates the City for a 10.28% share of the operating costs and debt service of two of NCPA's 110-megawatt steam powered plants, Project Number 2 and Project Number 3. Outstanding long-term debt related to this project was approximately \$77 million at June 30, 2008.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

In addition to federal geothermal leasehold, steam wells, gathering system and related facilities, the project consists of two electric generating stations (Plant 1 and Plant 2). Each plant has two 55MW turbine generator units utilizing low temperature geothermal steam; associated electrical, mechanical and control facilities; a heat dissipation system; a steam gathering system; a transmission tapline; and, other related facilities. Geothermal steam for the project is derived from the geothermal property, which includes wellpads, access roads, steam wells and reinjection wells.

Calaveras Hydroelectric Project

NCPA contracted to finance, manage, construct and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District. In exchange, NCPA has the right to the electric output of the project for 50 years from February 1982. NCPA has also the option to purchase power from the project in excess of the District's requirements for the subsequent 50 years, subject to regulatory approval.

Under a power purchase agreement the City is obligated to pay 10.37% of the debt service and operating costs. At June 30, 2008, approximately \$478 million in long-term debt used to finance this project was outstanding.

NCPA Combustion Turbine Project

The project consists of five combustion turbine units; each nominally rated at 25 megawatts. Two such units are located in Roseville, two in Alameda and one in Lodi. The project provides capacity during peak load periods and emergency capacity reserves. Excess capacity and energy from the project are also sold to other entities from time to time. Under the NCPA power agreement, the City is obligated to pay 8.036% of the debt service and operating costs. At June 30, 2008 approximately \$12 million in long-term debt was outstanding.

Transmission Project

The project was undertaken to meet certain obligations of NCPA under the NCPA/PG & E Interconnection Agreement. The project includes an ownership interest in PG & E's 230kv Castle Rock to Lakeville Substation Transmission Line in Sonoma County, additional firm transmission rights in that Transmission Line, and a central scheduling and dispatch facility in service at the NCPA headquarters in Roseville, California. Under a power purchase agreement, the City is obligated to pay 18.4861% of the debt service and operating costs. At June 30, 2008, approximately \$2.5 million in long-term debt was outstanding.

Capital Facilities Project

The Project consists of one 49.9 megawatt natural gas-fired steam injected combustion turbine generator unit located in Lodi, California. Wastewater is reclaimed from the City of Lodi's White Slough water pollution control facility, processed to eliminate contaminants, and used in the turbine to produce steam for power enhancement and emissions control.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

Under a power purchase agreement, the City is obligated to pay 39.5% of the debt service and operating costs. At June 30, 2008, approximately \$64 million in long-term debt was outstanding.

The following are the most recent available audited condensed financial statements of NCPA:

Combined Balance Sheet
June 30, 2008
(in thousands)

Assets			Liabilities and Capitalization		
Current assets	\$	81,632	Current portion of long-term debt	\$	38,205
Restricted assets		155,151	Other current liabilities		76,377
Electric plant, net		344,171	Other liabilities and deferred credits		128,913
Other assets and deferred charges		<u>282,141</u>	Long-term debt, net		593,696
			Net assets		<u>25,904</u>
Total assets	\$	<u><u>863,095</u></u>	Total liabilities and net assets	\$	<u><u>863,095</u></u>

Combined Statement of Revenues and Expenses
and Changes in net Assets
Year ended June 30, 2008
(in thousands)

Sales for resale	\$	311,374
Operating expenses		(292,639)
Other revenues (expenses)		(28,783)
Future recoverable costs		<u>24,911</u>
Net revenues before refunds		14,863
Refunds to participants		<u>(13,456)</u>
Increase in net assets		1,407
Net assets, beginning of year		<u>24,497</u>
Net assets, end of year	\$	<u><u>25,904</u></u>

Combined Statement of Cash Flow
Year ended June 30, 2008
(in thousands)

Net cash provided by operating activities	\$	50,555
Net cash provided by investing activities		24,563
Net cash used in capital and related financing activities		(76,728)
Net cash used in noncapital and related financing activities		<u>(6,868)</u>
Decrease in cash and cash equivalents		(8,478)
Cash and cash equivalents, beginning of year		<u>96,219</u>
Cash and cash equivalents end of year	\$	<u><u>87,741</u></u>

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

At June 30, 2008, NCPA's total outstanding long-term debt was \$631,901,000 at an average interest rate of 5%. The current portion of long-term debt at June 30, 2008, was \$38,205,000.

Complete financial information for NCPA may be obtained at the following administration office:

Northern California Power Agency
180 Cirby Way
Roseville, CA 95678

Transmission Agency of Northern California

The Transmission Agency of Northern California (TANC) was organized under the California Government Code pursuant to a joint powers agreement entered into by fifteen Northern California utilities including the City of Lodi. The purpose of TANC is to provide electric transmission or other facilities for the use of its members through its authority to acquire, construct, finance, operate and maintain facilities for electric power transmission. The joint powers agreement provides that the costs of TANC's activities can be financed or recovered through assessment of its members or user charges through transmission contracts with its members. Each TANC member has agreed to pay a pro rata share of the costs to operate TANC and has the right to participate in future project agreements. The joint power agreement remains in effect until debt obligations and interest thereon have been paid, unless otherwise extended by the members.

Increase in Non-defaulting Project Participant's Original Project Entitlement Percentage

Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Member Agreement for the projects, and except as sales and transfers are made pursuant thereto, the Member Agreements provide that Project Entitlement for each non-defaulting Project Participant shall be automatically increased for the remaining term of the Member Agreement; pro rata with those of the non-defaulting Project Participant thereunder; provided, however, that the sum of such increase for any non-defaulting Project Participant shall not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 25% of the non-defaulting Project Participant's original Project Entitlement Percentage Share.

California-Oregon Transmission Project

The project is a 339-mile long, 500-kilovolt alternating current transmission project between Southern Oregon and Central California. The project is operated in coordination with the Pacific AC Intertie as a part of the California-Oregon Intertie (COI) within the Western System Coordinating Council (WSCC) region. The WSCC approved rating of the COI is 4,800 MW and the Pacific Direct Current Intertie (PDCI) is 3,100 MW for a combined total of 7,900 MW of transfer capability. Depending on the time of year, operational transfer capability of the combined COI and PDCI is between 6,900 MW and 7,900 MW.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

TANC, California Department of Water Resources (CDWR), Western Area Power Authority (WAPA), and five other parties have agreed to an Interim Participation Agreement (IPA) under which project participant is granted a percentage entitlement in project transfer capability and is required to pay a percentage of the costs. Pursuant to the IPA and a subsequent agreement with WAPA, TANC is entitled to use approximately 1,242 MW, and is obligated to pay an average of approximately 73 percent of the operating costs associated with the project.

Under the TANC joint powers agreement, the City is obligated to pay 1.89% of its debt service and operating costs. At June 30, 2008, approximately \$348 million in long-term debt was outstanding of which \$15 million is considered current.

Complete financial information for TANC may be obtained at the following administration office:

Transmission Agency of Northern California
3100 Zinfandel Drive, Suite 600
Sacramento, CA 95670

(14) MEMBERSHIP IN INSURANCE POOLS

California Joint Powers Risk Management Authority

The City is a member, along with 17 other individual cities and 4 joint powers authorities, of California Joint Powers Risk Management Authority (CJPRMA) organized under a Joint Powers Agreement pursuant to the California Government Code for the purpose of sharing the risk of catastrophic general liability, automobile liability and public officials' errors and omissions losses because adequate insurance is not available in the commercial insurance market. CJPRMA has a twenty-one member Board of Directors, including a director from the City of Lodi. The Board members elect officers of CJPRMA every two years.

The ultimate cost of the program to the City depends on the catastrophic losses of all members, as well as the City's own loss experience and will be determined through an actuarial analysis of loss history during the ten-year period preceding the three years prior to the end of the current program year. The City periodically pays deposits to the CJPRMA. These deposits are recorded as expenditures in the year paid, as they are a reasonable estimate of the actual cost of the program. During the year ended June 30, 2009, deposits of \$84,877 were paid to CJPRMA for the liability program.

The participants at June 30, 2009, are as follows: City of Alameda, Chico, Fairfield, Fremont, Livermore, Lodi, NCCSIF, Petaluma, Pomona, Redding, Redwood Empire Municipal Insurance Fund, Roseville, San Leandro, San Rafael, Santa Rosa, Small Cities Organized Risk Effort, Stockton, Sunnyvale, Vacaville, Vallejo, and Yolo County Public Agencies Risk Management Insurance Authority.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

Complete financial information for CJPRMA maybe obtained at the following administration office:

California Joint Powers Risk Management Authority
2333 San Ramon Valley Boulevard Suite 250
San Ramon, CA 94583-4456

Local Agency Workers' Compensation Excess Joint Powers Authority

The City, along with thirty-three other public agencies, is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), which was formed July 1992, for the purpose of sharing the risk of workers' compensation losses. LAWCX offers \$150,000, 250,000, \$350,000, \$500,000 and \$1 million self-insured retentions (SIR) or a member can attach directly to the purchased excess insurance. LAWCX covers the layer above the member SIR up to \$5 million. The City of Lodi's self-insured retention is \$250,000. LAWCX participates in the California State Association of Counties Excess Insurance Authority (CSAC-EIA) to obtain coverage up to statutory limits. The City paid \$293,724 in deposits to LAWCX during the fiscal year ended June 30, 2009.

The participants at June 30, 2009, are as follows: Alameda, ABAG, BCJPIA, City of Benicia, CCCTA, Central San Joaquin Valley Risk Mgmt Authority (CSJVRMA), City of Clovis, City of Coronado, City of Encinitas, East Bay Regional Park District, FASIS, City of Gilroy, City of Livermore, City of Lodi, City of Los Gatos, City of Merced, MBASIA, MCLAIA, City of Morgan Hill, City of Newark, PARSAC, City of Placentia, PERMA, City of Roseville, City of San Leandro, City of Santa Maria, City of Santee, Small Cities Org. Risk Effort (SCORE), City of South Lake Tahoe, City of Suisun City, City of Vacaville, City of Vallejo, Vector Control JPA and City of Vista.

Complete financial information for LAWCX maybe obtained at the following administration office:

Local Agency Workers' Compensation Excess Joint Powers Authority
1750 Creekside Oaks Drive, Suite 200
Sacramento, California 95833

California Transit Insurance Pool

The City, along with thirty-four other public agencies is a member of California Transit Insurance Pool (CalTIP), a joint powers insurance authority which was formed for the purpose of sharing the risk of property damage, bodily injury, personal injury and public officials errors and omissions losses for public transit systems.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

Liability protection coverage is provided under two programs:

Program I applies to members who choose to utilize CalTIP's claims administrator services.

Program II applies to members with self-insured retentions who choose to provide their own claims administrator services.

CalTIP purchases excess insurance over its \$1,000,000 retention up to \$20 million per occurrence. Each member is provided with \$5 million in excess of the pooled retention and has the option to choose one or both of two additional layers for the full \$20 million.

CalTIP also provides physical damage coverage to its members. This coverage program is optional for all members and offers damage or loss protection for transit, staff and maintenance vehicles to transit operators. CalTIP self-insures to \$100,000, under which members have the option of five levels of deductible ranging from \$500 to \$10,000 per vehicle. Claims are administered by the CalTIP's adjuster.

The City paid \$107,195 in deposits to CalTIP during the fiscal year ended June 30, 2009. There have been no reductions in insurance coverage from the prior year and there were no insurance settlements in excess of insurance coverage in any of the last three years.

	Program	Self-Insured Retention	Limit (in millions)	Physical Damage
City of Lodi Transit System	I	Prefunded	20	Yes

Complete financial information for CalTip maybe obtained at the following administration office:

California Transit Insurance Pool
1415 L Street, Suite 200
Sacramento, CA 95814

(15) DEFICIT IN FUND EQUITY

Nonmajor Governmental Fund – Community Development – A deficit in fund equity in the amount of \$921,716 at June 30, 2009, is attributed to the unprecedented decrease in development due to the slowing economy. The City has raised the building fees effective July 1, 2009 and an increase in planning rates is scheduled for City Council action in November, 2009. Additionally, with the current fiscal year budget, the department has cut staff in order to balance revenues with expenditures.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

Nonmajor Governmental Fund – Community Center – A deficit in fund equity in the amount of \$232,211 at June 30, 2009, is attributed to the unexpected repairs and maintenance that were previously deferred; equipment purchases necessary to support operation; and the need to reallocate personnel costs that were not addressed during the budget process. Revenue enhancements and realignment of personnel costs will be pursued in the future to adequately fund the Community Center.

Internal Service Funds - Benefits Fund – A deficit in fund equity in the amount of \$1,078,724 at June 30, 2009, is attributed to the establishment of the net OPEB obligation beginning in the current year in accordance with the requirements of GASB Statement No. 45. Net OPEB obligation as of June 30, 2009, was \$1,195,521. The City is still weighing its options whether to pre-fund the OPEB obligation or continue on a pay-as-you-go basis. It will be addressed during the budget process.

Proprietary Funds – Water Fund - The deficit in fund equity in the Water Fund of \$13,488,264 was the result of the accrual of pollution remediation obligation as required by the implementation of GASB Statement No. 49. The balance of the accrual as of June 30, 2009, was \$69,952,135. In January 2006, the City increased water rates specifically to address groundwater contamination cleanup. This increase is generating approximately \$3.0 million annually.

(16) Restatement of Net Assets – Pollution Remediation (GASB 49)

Lodi relies on groundwater for its drinking water and in the late 1980's, PCE and TCE pollution was discovered in several municipal water supply wells. Investigations conducted by the California Regional Water Quality Control Board in the early 1990's under the Well Investigation program revealed numerous areas where TCE was discharged, or where PCE from dry cleaning operations were discharged to the sewer system. In 1997, the Department of Toxic Substances Control and the City entered into a cooperative agreement whereby the City assumed a lead role in the cleanup and agreed to pursue legal action against potentially responsible parties (PRPs). The City has settled with all the involved parties during the fiscal year.

The City received a draft cleanup and abatement order to investigate the discharges of waste, clean up the waste and abate the effects of the discharges of waste in conformance with the State Board's Resolution No. 92-49 Policies and Procedures for Investigation and Cleanup and Abatement of Discharges Under the Water Code Section 13304 and with the Regional Boards' Water Quality Control Plan for the Sacramento River and San Joaquin River. The City then engaged the services of Treadwell and Rollo to advise the City on courses of action in the preparation of feasibility studies, remedial design, and remedial action plan to comply with the technical and reporting requirements of the State Board.

Pursuant to the requirements of GASB Statement No. 49, which was implemented effective July 1, 2008, the City and its consultants have estimated its potential pollution remediation liability as of June 30, 2008. Total Project cost is based on conceptual-level design; Remedial Action Plan (RAP) and project Work Plans are yet to be written. The City's beginning net assets have been restated by \$70,505,924 for the purpose of recognizing the estimated pollution remediation liability as of June 30, 2008.

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

(17) **COMMITMENTS AND CONTINGENCIES**

Litigation and claims – The City has fully resolved the litigation over its groundwater contamination as a potential responsible party including litigation with its former outside counsel regarding malpractice and fee claims. Citizen efforts to reduce these rates via initiative failed in the November 2006 election by a vote of 64% to 36%. As such, the City Attorney does not anticipate a material effect on the City's financial condition.

The City owns a 1,000 acre wastewater treatment facility known as "White Slough" approximately 5 miles west of the contiguous city limit. Neighboring farming and dairy operations are in litigation over elevated nitrate levels in the area. Efforts to join the City in the litigation have been so far unsuccessful but are expected to continue. It is too early at this stage to estimate liability or damages if the City is joined in the action. However, the City Attorney does not currently expect the matter to have a material effect on the City's financial condition.

All other actions against the City are under \$75,000 or have no arguable cost and will therefore not have a material financial effect on the City.

Water Purchase Agreement with Woodbridge Irrigation District – The City obtains its municipal water supply from wells located within the City, extracting water from the underground aquifer, which is replenished in part by flows of the Mokelumne River. To avoid being wholly dependent upon wells and the possible impacts of eventual overdraft of the groundwater supply, the City made a commitment in 2003 to purchase surface water supply from Woodbridge Irrigation District for 40 years beginning in 2003. The agreement provides for the purchase of 6,000 acre feet per year and the City pays the District \$1.2 million annually. Commencing on January 1 of the seventh year, the amount payable to the District shall be increased by two percent (2%) per year or by the change in the Consumer Price Index whichever is higher but shall not exceed five percent (5%).

Arbitrage Earnings Rebate Liability – Arbitrage earnings are defined as income earned on the unexpended tax-exempt certificate proceeds in excess of that which would have been earned had the moneys been invested in securities with a yield of the effective rate of the certificates. Currently, arbitrage earnings must be rebated to the United States Treasury every five years. There is no cumulative arbitrage liability as of June 30, 2009, for any of the City's outstanding Certificates of Participation.

(18) **FUTURE GASB PRONOUNCEMENTS**

The GASB has issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets, which establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement will be effective for the fiscal year ending June 30, 2010.

In February of 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The objective of this statement is to establish fund balance classifications that comprise

CITY OF LODI
Notes to Basic Financial Statements (Continued)
June 30, 2009

a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is effective for the City's year ending June 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

City of Lodi
Required Supplementary Information
Schedule of Funding Progress - Pension Plan
June 30, 2009
(in thousands of dollars)

Actuarial Valuation Date	Actuarial Asset Value (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability [(B) - (A)]	Funded Ratio [(A) / (B)]	Covered Payroll (C)	Unfunded Actuarial Liability as Percentage of Covered Payroll {[(B) - (A)]/(C)}
6/30/05	\$ 150,967	\$ 177,150	\$ 26,183	85%	\$ 26,992	97.00%
6/30/06	163,888	190,366	26,478	86%	26,836	98.67%
6/30/07	177,504	203,173	25,669	87%	27,322	93.95%

City of Lodi
Required Supplementary Information
Schedule of Funding Progress – OPEB Plan
June 30, 2009
(in thousands of dollars)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Normal Accrued Liability (B)</u>	<u>Unfunded Liability [(B) - (A)]</u>	<u>Funded Ratio [(A) / (B)]</u>	<u>Annual Covered Payroll (C)</u>	<u>UAAL As a Percentage of Covered Payroll {[(B) - (A)]/(C)}</u>
1/1/08	\$ 0	\$ 23,323	\$ 23,323	0%	\$ 9,846	237%

As, required by GASB Statement No. 45, the City will report three years of data in the above table, as the information becomes available in subsequent years.

CITY OF LODI
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year ended June 30, 2009

	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 23,973,060	23,497,060	23,516,164	\$ 19,104
Licenses and permits	79,300	79,300	61,783	(17,517)
Intergovernmental revenues	10,937,000	9,933,000	8,967,410	(965,590)
Charges for services	1,188,220	1,292,950	1,055,137	(237,813)
Fines, forfeits and penalties	1,257,400	1,257,400	1,415,174	157,774
Investment and rental income	270,500	270,500	231,181	(39,319)
Miscellaneous revenue	953,300	93,300	446,404	353,104
Total revenues	<u>38,658,780</u>	<u>36,423,510</u>	<u>35,693,253</u>	<u>(730,257)</u>
EXPENDITURES				
Current:				
General government:				
City Council	111,834	110,834	105,484	5,350
City Manager	1,138,130	1,085,631	1,060,920	24,711
City Clerk	469,098	458,238	419,908	38,330
City Attorney	488,567	524,184	518,939	5,245
Human Resources	623,257	554,566	521,447	33,119
Information Systems	1,071,547	1,075,398	1,024,470	50,928
Financial Services	1,703,947	1,562,120	1,542,768	19,352
Budget and Treasury	642,798	551,319	542,945	8,374
Non Departmental	1,100,106	1,231,045	1,185,215	45,830
Total general government	<u>7,349,284</u>	<u>7,153,335</u>	<u>6,922,096</u>	<u>231,239</u>
Public protection:				
Police	15,804,665	15,481,474	15,399,921	81,553
Fire	9,140,875	9,177,986	9,063,850	114,136
Total public protection	<u>24,945,540</u>	<u>24,659,460</u>	<u>24,463,771</u>	<u>195,689</u>
Public Works	<u>3,509,644</u>	<u>3,297,126</u>	<u>2,967,402</u>	<u>329,724</u>
Library	<u>1,640,020</u>	<u>1,541,159</u>	<u>1,499,720</u>	<u>41,439</u>
Parks	<u>2,200,680</u>	<u>2,322,991</u>	<u>2,160,035</u>	<u>162,956</u>
Debt service:				
Interest and fiscal charges	18,516	18,516	18,516	
Principal payments	129,487	129,487	129,487	
Total debt service	<u>148,003</u>	<u>148,003</u>	<u>148,003</u>	
Total expenditures	<u>39,793,171</u>	<u>39,122,074</u>	<u>38,161,027</u>	<u>961,047</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,134,391)</u>	<u>(2,698,564)</u>	<u>(2,467,774)</u>	<u>230,790</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,502,330	5,367,983	5,367,983	
Transfers out	(3,613,644)	(4,442,883)	(4,442,883)	
Total other financing sources (uses)	<u>1,888,686</u>	<u>925,100</u>	<u>925,100</u>	
NET CHANGE IN FUND BALANCE	754,295	(1,773,464)	(1,542,674)	230,790
FUND BALANCE , beginning of year	4,534,293	5,308,862	5,308,862	
FUND BALANCE, end of year	<u>\$ 5,288,588</u>	<u>3,535,398</u>	<u>3,766,188</u>	<u>\$ 230,790</u>

The note to the required supplementary information is an integral part of this schedule.

CITY OF LODI
Notes to the Required Supplementary Information
June 30, 2009

Budgetary Data

The City adopts an annual budget for the general and special revenue funds. These budgets are prepared in accordance with generally accepted accounting principles. As part of the City's internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. The accompanying financial statements present budget and actual data only of funds for which an annual budget was adopted. The budgets of capital projects are primarily "long-term" budgets that emphasize the major programs and capital project plans extending over a number of years. Due to the long-term nature of these projects, "annual" budget and actual comparisons are not considered meaningful. Formal budgetary integration is not employed for Debt Service Funds since effective budgetary control is alternatively achieved through the bond indenture provisions. Accordingly, no budgetary information is included in the accompanying basic financial statements for capital projects and debt service funds.

The City Council follows the following procedures in establishing the budgetary data reflected in the accompanying basic financial statements:

Original Budget

On or prior to the first regular Council meeting in June of each year, the City Manager submits to the City Council a proposed Financial Plan and Budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.

Budgeted revenues are adopted by the City Council at the time the budget is approved. Budgeted revenues are modified when the tax base changes, when fees are modified or when new revenue sources are identified.

Public hearings are conducted during meetings of the City Council to obtain citizens' comments. Prior to July 1, the budget is legally enacted through passage of a resolution.

Final Budget

The final budgetary data presented in the basic financial statements reflects the following changes to the original budget:

- Budgeted expenditures represent original appropriations adjusted by budget transfers and appropriation amendments. The legal level of budgetary control (that is, the level at which expenditures can not legally exceed the appropriated

amount) is at the department level. The operating budget is prepared and controlled at the department level (e.g., city clerk, city manager, etc.) for the General Fund. Special revenue fund expenditures, including transfers out, are approved by Council at the fund level.

- The City Manager may transfer appropriations from one activity to another within a department without approval from the City Council. All other appropriation adjustments during the year, whether transfers, increases or decreases, require City Council approval.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds include:

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes, other than those for major capital projects;

Debt Service Fund account for the accumulation of resources for the repayment of principal and interest on general long-term debt;

Capital Project Funds account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

CITY OF LODI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue	Capital Projects	Total
<u>Assets</u>			
Cash and investments	\$ 10,022,991	5,101,629	\$ 15,124,620
Restricted assets		1,687,747	1,687,747
Receivables:			
Accounts, net	458,594		458,594
Interest	36,027	10,680	46,707
Due from other funds	469,200	23,472	492,672
Due from other governmental agencies	480,627	380,564	861,191
Loan receivable	1,084,000		1,084,000
Other assets	2,747	5,035	7,782
Advances to other funds		328,385	328,385
Total assets	\$ 12,554,186	7,537,512	\$ 20,091,698
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and other liabilities	\$ 146,371	187,384	\$ 333,755
Due to other funds	1,596,026	23,472	1,619,498
Advances from other funds	328,385	1,519,813	1,848,198
Deferred revenue	3,046,117		3,046,117
Total liabilities	5,116,899	1,730,669	6,847,568
Fund Balances :			
Reserved for encumbrances	897,512	261,188	1,158,700
Reserved for advances to other funds		328,385	328,385
Unreserved-designated for specific projects and programs	6,539,775	5,217,270	11,757,045
Total fund balances	7,437,287	5,806,843	13,244,130
Total liabilities and fund balances	\$ 12,554,186	7,537,512	\$ 20,091,698

CITY OF LODI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2009

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Licenses and permits	\$ 369,648			\$ 369,648
Intergovernmental revenues	3,363,804		897,877	4,261,681
Charges for services	2,196,904		76,638	2,273,542
Fines, forfeits and penalties	900			900
Investment and rental income	590,722		99,967	690,689
Miscellaneous revenue	671,518		643,691	1,315,209
Total revenues	<u>7,193,496</u>		<u>1,718,173</u>	<u>8,911,669</u>
Expenditures:				
Current:				
General government	1,509,163			1,509,163
Public protection	251,744			251,744
Public works	1,690,065			1,690,065
Community development	1,341,445			1,341,445
Parks and recreation	1,615,726			1,615,726
Capital outlay	2,926,046		3,865,214	6,791,260
Debt service:				
Interest and fiscal charges		1,109,387	10,920	1,120,307
Principal payments		659,453		659,453
Total expenditures	<u>9,334,189</u>	<u>1,768,840</u>	<u>3,876,134</u>	<u>14,979,163</u>
Deficiency of revenues under expenditures	<u>(2,140,693)</u>	<u>(1,768,840)</u>	<u>(2,157,961)</u>	<u>(6,067,494)</u>
Other financing sources (uses):				
Transfers in	2,036,434	1,768,840	1,436,402	5,241,676
Transfers out	(773,793)		(25,000)	(798,793)
Total other financing sources (uses)	<u>1,262,641</u>	<u>1,768,840</u>	<u>1,411,402</u>	<u>4,442,883</u>
Net change in fund balances	(878,052)		(746,559)	(1,624,611)
Fund balances, beginning of year	<u>8,315,339</u>		<u>6,553,402</u>	<u>14,868,741</u>
Fund balances, end of year	<u>\$ 7,437,287</u>		<u>5,806,843</u>	<u>\$ 13,244,130</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

Community Center

This fund was established to account for the revenues and expenditures related to the activities of the Hutchins Street Square and Performing Arts Theater.

Recreation

This fund was established to account for the revenues and expenditures related to the wide-range of recreation activities and programs offered to the public.

Public Safety

This fund was established to account for the revenues and expenditures related to the City's share of property forfeited by persons convicted of possession and selling illegal drugs and the State of California auto theft prosecution monies.

Community Development

This fund was established to account for development planning and project review services including land use entitlements, permit processing and review/inspection of public improvements to ensure orderly physical growth and development of the City.

Streets Fund

This fund was established to account for the following:

Gas Tax

To account for revenues and expenditures apportioned to the City under the Streets and Highway Code. Portions of the tax rate levied by the State of California on all gasoline purchases are allocated to cities throughout the State on a population basis. These funds are restricted for expenditure by the State of California for street related purposes only.

Development Impact Mitigation Fees

To account for impact fees charged to provide for the building of various storm drains and street improvements needed to serve new development. The fees are calculated on a per acre basis and are collected at subdivision final map approval or with building permit stage effective November 4, 1991.

Measure K Sales Tax

To account for revenues and expenditures apportioned to the City for sales tax collections under Measure K. Expenditures for administration, maintenance and construction must be for street-related projects.

Intermodal Surface Transportation Efficiency Act (ISTEA)

To account for revenues from the federal highway administration for programs including surface transportation program (STP) for streets and roads, congestion mitigation and air quality program (CMAQ) and hazard elimination safety (HES) for street lighting projects.

Transportation

This fund was established to account for the receipt of moneys from the State of California apportioned to the City for transportation purposes. The State has designated 1/4% of the 6% sales tax levied statewide for local transportation purposes. Funding for this program was provided during the 1971 legislative session with the enactment of the Transportation Development Act, which extended the 6% sales tax to include purchases of gasoline. Revenues allocated to the City of Lodi under this program are divided into two categories: Article 8 funds, which are restricted for the improvement and maintenance of street systems; and Article 4 funds, which are restricted for public transit systems.

HOME Program and Community Development Block Grants

This fund was established to account for the City's HOME Program that provides adequate and affordable housing for low and very low-income residents, and Community Development Block Grants provided to the City principally for low and moderate income residents to develop a suitable living environment and expand economic opportunities.

CITY OF LODI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
June 30, 2009

	Community Center	Recreation	Public Safety	Community Development	Streets	Transportation	HOME Program & Community Development Block Grants	Total
ASSETS								
Cash and Investments	\$	53,531	111,680		9,829,788	27,992		\$ 10,022,991
Receivables:								
Accounts, net	2,527	10,414	40,126	8,538	351,846	45,143		458,594
Interest			618		35,315	94		36,027
Due from other funds					469,200			469,200
Due from other governmental agencies			9,713		1,714		469,200	480,627
Other assets	531	1,310		906				2,747
Loan receivable							1,084,000	1,084,000
TOTAL ASSETS	\$ 3,058	65,255	162,137	9,444	10,687,863	73,229	1,553,200	\$ 12,554,186
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other liabilities	\$ 29,699	10,845	8,860	9,904	87,063			\$ 146,371
Due to other funds	205,570			921,256			469,200	1,596,026
Advances from other funds					328,385			328,385
Deferred revenue					1,962,117		1,084,000	3,046,117
TOTAL LIABILITIES	235,269	10,845	8,860	931,160	2,377,565		1,553,200	5,116,899
FUND BALANCES (DEFICIT)								
Reserved for encumbrances	4,500	7,620		2,856	882,536			897,512
Unreserved-designated for specific projects and programs	(236,711)	46,790	153,277	(924,572)	7,427,762	73,229		6,539,775
TOTAL FUND BALANCES (DEFICIT)	(232,211)	54,410	153,277	(921,716)	8,310,298	73,229		7,437,287
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,058	65,255	162,137	9,444	10,687,863	73,229	1,553,200	\$ 12,554,186

CITY OF LODI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2009

	Community Center	Recreation	Public Safety	Community Development	Streets	Transportation	HOME Program & Community Development Block Grants	Total
REVENUES								
Licenses and permits	\$			369,648				\$ 369,648
Intergovernmental revenues			260,283	17,161	2,923,324	45,143	117,893	3,363,804
Charges for services	442,171	1,034,807		379,559	340,367			2,196,904
Fines, forfeits and penalties			900					900
Investment and rental income	240,306	106,171	3,450		239,831	964		590,722
Miscellaneous revenue	435	215	182	119,724	550,962			671,518
Total revenues	<u>682,912</u>	<u>1,141,193</u>	<u>264,815</u>	<u>886,092</u>	<u>4,054,484</u>	<u>46,107</u>	<u>117,893</u>	<u>7,193,496</u>
EXPENDITURES								
Current								
General government	1,509,163							1,509,163
Public protection			251,744					251,744
Public works					1,572,172		117,893	1,690,065
Community development				1,341,445				1,341,445
Parks and recreation		1,615,726						1,615,726
Capital outlay					2,849,697	76,349		2,926,046
Total expenditures	<u>1,509,163</u>	<u>1,615,726</u>	<u>251,744</u>	<u>1,341,445</u>	<u>4,421,869</u>	<u>76,349</u>	<u>117,893</u>	<u>9,334,189</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(826,251)</u>	<u>(474,533)</u>	<u>13,071</u>	<u>(455,353)</u>	<u>(367,385)</u>	<u>(30,242)</u>		<u>(2,140,693)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	1,261,872	534,615		239,947				2,036,434
Transfers out	(667,832)	(5,672)		(4,183)	(96,106)			(773,793)
Total other financing sources (uses)	<u>594,040</u>	<u>528,943</u>		<u>235,764</u>	<u>(96,106)</u>			<u>1,262,641</u>
NET CHANGE IN FUND BALANCES	<u>(232,211)</u>	<u>54,410</u>	<u>13,071</u>	<u>(219,589)</u>	<u>(463,491)</u>	<u>(30,242)</u>		<u>(878,052)</u>
FUND BALANCES (DEFICIT), beginning of year			140,206	(702,127)	8,773,789	103,471		8,315,339
FUND BALANCES (DEFICIT), end of year	<u>\$ (232,211)</u>	<u>54,410</u>	<u>153,277</u>	<u>(921,716)</u>	<u>8,310,298</u>	<u>73,229</u>		<u>\$ 7,437,287</u>

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2009

	COMMUNITY CENTER		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Charges for services	\$ 431,200	442,171	\$ 10,971
Investment and rental income	234,539	240,306	5,767
Miscellaneous revenue		435	435
Total Revenue	665,739	682,912	17,173
EXPENDITURES			
Current			
General government	1,509,163	1,509,163	
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(843,424)	(826,251)	17,173
OTHER FINANCING SOURCES (USES)			
Transfers in	1,261,872	1,261,872	
Transfers out	(667,832)	(667,832)	
Total other financing sources (uses)	594,040	594,040	
NET CHANGE IN FUND BALANCE	(249,384)	(232,211)	17,173
FUND BALANCE, BEGINNING OF YEAR			
FUND DEFICIT, END OF YEAR	\$ (249,384)	(232,211)	\$ 17,173

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2009

	RECREATION		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Charges for services	\$ 1,086,338	1,034,807	\$ (51,531)
Investment and rental income	60,000	106,171	46,171
Miscellaneous revenue		215	215
Total Revenue	1,146,338	1,141,193	(5,145)
EXPENDITURES			
Current			
Parks and recreation	1,763,730	1,615,726	148,004
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(617,392)	(474,533)	142,859
OTHER FINANCING SOURCES (USES)			
Transfers in	652,500	534,615	(117,885)
Transfers out	(5,672)	(5,672)	
Total other financing sources (uses)	646,828	528,943	(117,885)
NET CHANGE IN FUND BALANCE	29,436	54,410	24,974
FUND BALANCE, BEGINNING OF YEAR			
FUND BALANCE, END OF YEAR	\$ 29,436	54,410	\$ 24,974

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2009

	PUBLIC SAFETY		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental revenues	\$ 683,517	260,283	\$ (423,234)
Fines, forfeits and penalties	3,000	900	(2,100)
Investment and rental income		3,450	3,450
Miscellaneous revenue		182	182
Total Revenue	<u>686,517</u>	<u>264,815</u>	<u>(421,702)</u>
EXPENDITURES			
Current			
Public protection	<u>636,592</u>	<u>251,744</u>	<u>384,848</u>
NET CHANGE IN FUND BALANCE	49,925	13,071	(36,854)
FUND BALANCE, BEGINNING OF YEAR	<u>140,206</u>	<u>140,206</u>	
FUND BALANCE, END OF YEAR	<u>\$ 190,131</u>	<u>153,277</u>	<u>\$ (36,854)</u>

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2009

	<u>COMMUNITY DEVELOPMENT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Licenses and permits	\$ 899,999	369,648	\$ (530,351)
Intergovernmental revenues		17,161	17,161
Charges for services	380,001	379,559	(442)
Miscellaneous revenue	<u>150,000</u>	<u>119,724</u>	<u>(30,276)</u>
Total Revenue	1,430,000	886,092	(543,908)
EXPENDITURES			
Current			
Community development	<u>1,628,438</u>	<u>1,341,445</u>	<u>286,993</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(198,438)</u>	<u>(455,353)</u>	<u>(256,915)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	239,947	239,947	
Transfers out	<u>(4,183)</u>	<u>(4,183)</u>	
Total other financing sources (uses)	<u>235,764</u>	<u>235,764</u>	
NET CHANGE IN FUND BALANCE	37,326	(219,589)	(256,915)
FUND DEFICIT, BEGINNING OF YEAR	<u>(702,127)</u>	<u>(702,127)</u>	
FUND DEFICIT, END OF YEAR	\$ <u><u>(664,801)</u></u>	\$ <u><u>(921,716)</u></u>	\$ <u><u>(256,915)</u></u>

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2009

	STREETS		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental revenues	\$ 3,412,996	2,923,324	\$ (489,672)
Charges for services	1,268,138	340,367	(927,771)
Investment and rental income	121,400	239,831	118,431
Miscellaneous revenue		550,962	550,962
Total Revenue	<u>4,802,534</u>	<u>4,054,484</u>	<u>(748,050)</u>
EXPENDITURES			
Current			
Public works	1,611,563	1,572,172	39,391
Capital outlay	<u>7,147,213</u>	<u>2,849,697</u>	<u>4,297,516</u>
Total Expenditures	<u>8,758,776</u>	<u>4,421,869</u>	<u>4,336,907</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,956,242)	(367,385)	3,588,857
OTHER FINANCING USES			
Transfers out	<u>(96,106)</u>	<u>(96,106)</u>	
NET CHANGE IN FUND BALANCE	(4,052,348)	(463,491)	3,588,857
FUND BALANCE, BEGINNING OF YEAR	<u>8,773,789</u>	<u>8,773,789</u>	
FUND BALANCE, END OF YEAR	<u>\$ 4,721,441</u>	<u>8,310,298</u>	<u>\$ 3,588,857</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2009**

	TRANSPORTATION		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental revenues	\$ 95,116	45,143	\$ (49,973)
Investment and rental income	2,000	964	1,036
Total Revenue	97,116	46,107	(51,009)
EXPENDITURES			
Capital outlay	106,432	76,349	30,083
NET CHANGE IN FUND BALANCE	(9,316)	(30,242)	(20,926)
FUND BALANCE, BEGINNING OF YEAR	103,471	103,471	
FUND BALANCE, END OF YEAR	\$ 94,155	73,229	\$ (20,926)

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2009

	HOME PROGRAM and COMMUNITY DEVELOPMENT BLOCK GRANTS		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental revenues	\$ 461,105	117,893	\$ (343,212)
EXPENDITURES			
Current			
Public works	\$ 461,105	117,893	\$ 343,212
NET CHANGE IN FUND BALANCE			
FUND BALANCE, BEGINNING OF YEAR			
FUND BALANCE, END OF YEAR			

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NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

CAPITAL PROJECT FUNDS

Vehicle and Equipment

This fund was established to account for the financing and replacement of vehicles and equipment for all funds of the City with the exception of the Enterprise Funds. Financing is primarily provided through transfers from other funds, interest earnings and sales of surplus property.

Library

This fund is used to account for the acquisition, construction and installation of capital facilities for the Library.

Hutchins Street Square

When the old Lodi High School burned down, the City purchased the property and renamed it Hutchins Street Square. The Old Lodi High Site Foundation was established and this organization organizes events to raise money for the capital restoration of Hutchins Street Square.

Capital Outlay Reserve

This fund was established to account for the entire City's construction projects and capital purchases in excess of \$10,000 with the exception of those funded through Enterprise Funds. Financing is provided primarily by operating transfers from other funds and from State and Federal grants.

Lodi Lake

This fund was established to account for moneys charged for activities held at Lodi Lake. The Council designated the moneys to be used for Lodi Lake capital projects.

**CITY OF LODI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
June 30, 2009**

	Vehicle and Equipment	Library	Hutchins Street Square	Capital Outlay Reserve	Lodi Lake	Total
ASSETS						
Cash and investments	\$ 1,935,331	231,339	2,181	2,932,778		\$ 5,101,629
Restricted assets				1,687,747		1,687,747
Receivables:						
Interest				10,680		10,680
Due from other funds				23,472		23,472
Due from other governmental agencies					380,564	380,564
Advances to other funds				328,385		328,385
Other assets		5,035				5,035
TOTAL ASSETS	<u>\$ 1,935,331</u>	<u>236,374</u>	<u>2,181</u>	<u>4,983,062</u>	<u>380,564</u>	<u>\$ 7,537,512</u>
LIABILITIES						
Accounts payable and other liabilities	\$ 174	65,145		65,500	56,565	\$ 187,384
Due to other funds					23,472	23,472
Advances from other funds				1,519,813		1,519,813
TOTAL LIABILITIES	<u>174</u>	<u>65,145</u>		<u>1,585,313</u>	<u>80,037</u>	<u>1,730,669</u>
FUND BALANCES						
Reserved for encumbrances	4,168			246,463	10,557	261,188
Reserved for advances to other funds				328,385		328,385
Unreserved-designated for specific projects and programs	1,930,989	171,229	2,181	2,822,901	289,970	5,217,270
TOTAL FUND BALANCES	<u>1,935,157</u>	<u>171,229</u>	<u>2,181</u>	<u>3,397,749</u>	<u>300,527</u>	<u>5,806,843</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,935,331</u>	<u>236,374</u>	<u>2,181</u>	<u>4,983,062</u>	<u>380,564</u>	<u>\$ 7,537,512</u>

CITY OF LODI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
Year ended June 30, 2009

	Vehicle and Equipment	Library	Hutchins Street Square	Capital Outlay Reserve	Lodi Lake	Total
REVENUES						
Intergovernmental revenues	\$			59,090	838,787	\$ 897,877
Charges for services				76,638		76,638
Investment and rental income				99,967		99,967
Miscellaneous revenue	23,127	555,000		10,350	55,214	643,691
Total revenues	<u>23,127</u>	<u>555,000</u>		<u>246,045</u>	<u>894,001</u>	<u>1,718,173</u>
EXPENDITURES						
Capital outlay	265,910	1,069,717		1,926,278	603,309	3,865,214
Debt service:						
Interest and fiscal charges				10,920		10,920
Total expenditures	<u>265,910</u>	<u>1,069,717</u>		<u>1,937,198</u>	<u>603,309</u>	<u>3,876,134</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(242,783)</u>	<u>(514,717)</u>		<u>(1,691,153)</u>	<u>290,692</u>	<u>(2,157,961)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	591,395	685,000		160,007		1,436,402
Transfers out	(25,000)					(25,000)
Total other financing sources (uses)	<u>566,395</u>	<u>685,000</u>		<u>160,007</u>		<u>1,411,402</u>
NET CHANGE IN FUND BALANCES	323,612	170,283		(1,531,146)	290,692	(746,559)
FUND BALANCES, BEGINNING OF YEAR	<u>1,611,545</u>	<u>946</u>	<u>2,181</u>	<u>4,928,895</u>	<u>9,835</u>	<u>6,553,402</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,935,157</u>	<u>171,229</u>	<u>2,181</u>	<u>3,397,749</u>	<u>300,527</u>	<u>\$ 5,806,843</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are maintained to account for the internal transfer of services between operating units of the City and to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple organizations.

Fleet Services

This fund is used to account for the operation, maintenance and timely replacement of the City's fleet of vehicles which serve the transportation needs of all city departments.

Benefits

These funds are used to account for the following employee benefits:

Dental	Employee assistance program
Chiropractic	Employee recognition program
Life/accidental insurance	Unemployment insurance
Medical	Flexible spending program
Vision	Long Term Disability

Insurance

These funds are used to account for the following insurances:

- General Liability
- Workers' Compensation
- Other Insurance

CITY OF LODI
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2009

	<u>Fleet Services</u>	<u>Benefits</u>	<u>Insurance</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 62,286	167,935	7,003,431	\$ 7,233,652
Receivables:				
Accounts, net		639		639
Interest	100	1,070	23,332	24,502
Inventory	122,266			122,266
Other assets		14,868		14,868
Noncurrent assets:				
Capital assets (net)	36,181			36,181
Total current assets	<u>220,833</u>	<u>184,512</u>	<u>7,026,763</u>	<u>7,432,108</u>
 LIABILITIES				
Current liabilities:				
Accounts payable and other liabilities	49,995	67,715	67,638	185,348
Self-insurance liability			1,953,845	1,953,845
Accrued compensated absences	57,633			57,633
Noncurrent liabilities:				
Self-insurance liability			4,577,491	4,577,491
Accrued compensated absences	68,552			68,552
Net OPEB obligation		1,195,521		1,195,521
Total liabilities	<u>176,180</u>	<u>1,263,236</u>	<u>6,598,974</u>	<u>8,038,390</u>
 NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	36,181			36,181
Unrestricted (deficit)	8,472	(1,078,724)	427,789	(642,463)
Total net assets (deficit)	<u>\$ 44,653</u>	<u>(1,078,724)</u>	<u>427,789</u>	<u>\$ (606,282)</u>

CITY OF LODI
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year ended June 30, 2009

	Fleet Services	Benefits	Insurance	Total
OPERATING REVENUES				
Charges for services	\$ 1,240,197	6,442,018	1,306,447	\$ 8,988,662
OPERATING EXPENSES				
Personnel services	950,620	314,749	36,629	1,301,998
Supplies, materials and services	261,261	5,458,670	353,424	6,073,355
Utilities	3,417			3,417
Depreciation and amortization	1,447			1,447
Claims	7,875	1,785,173	1,953,845	3,746,893
TOTAL OPERATING EXPENSES	<u>1,224,620</u>	<u>7,558,592</u>	<u>2,343,898</u>	<u>11,127,110</u>
OPERATING INCOME (LOSS)	<u>15,577</u>	<u>(1,116,574)</u>	<u>(1,037,451)</u>	<u>(2,138,448)</u>
NONOPERATING REVENUES				
Investment income			165,835	165,835
Other revenues	33	21,540	40,885	62,458
TOTAL NONOPERATING REVENUES	<u>33</u>	<u>21,540</u>	<u>206,720</u>	<u>228,293</u>
Change in net assets	<u>15,610</u>	<u>(1,095,034)</u>	<u>(830,731)</u>	<u>(1,910,155)</u>
NET ASSETS - BEGINNING OF YEAR, as previously reported		16,310	1,258,520	1,274,830
Change in accounting principle	<u>29,043</u>	<u>-</u>	<u>-</u>	<u>29,043</u>
NET ASSETS - BEGINNING OF YEAR, as restated	<u>29,043</u>	<u>16,310</u>	<u>1,258,520</u>	<u>1,303,873</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 44,653</u>	<u>(1,078,724)</u>	<u>427,789</u>	<u>\$ (606,282)</u>

CITY OF LODI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2009

	Fleet Services	Benefits	Insurance	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 33	18,393	45,852	\$ 64,278
Receipts from interfund services provided	1,240,197	6,442,018	1,306,447	8,988,662
Cash paid to suppliers for goods & services	(257,234)	(6,019,628)	(1,757,678)	(8,034,540)
Payments to employees	(935,926)	(314,749)	(36,629)	(1,287,304)
Net cash provided by (used for) operating activities	<u>47,070</u>	<u>126,034</u>	<u>(442,008)</u>	<u>(268,904)</u>
Cash flows from investing activities:				
Interest on investments		7,218	198,053	205,271
Net cash provided by investing activities		<u>7,218</u>	<u>198,053</u>	<u>205,271</u>
Net increase (decrease) in cash and cash equivalents	47,070	133,252	(243,955)	(63,633)
Cash and cash equivalents, beginning of year	15,216	34,683	7,247,386	7,297,285
Cash and cash equivalents, end of year	<u>\$ 62,286</u>	<u>167,935</u>	<u>7,003,431</u>	<u>\$ 7,233,652</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating Income (loss)	\$ 15,577	(1,116,574)	(1,037,451)	\$ (2,138,448)
Adjustments to reconcile operating income (loss) to net cash provided (used for) by operating activities:				
Depreciation and amortization	1,447			1,447
Other revenues	33	21,540	40,885	62,458
Change in assets and liabilities:				
Decrease (increase) in accounts receivable		(639)	4,967	4,328
Increase in inventory	(7,630)			(7,630)
Increase in other assets		(2,508)		(2,508)
Increase in accounts payable and other liabilities	22,949	28,694	4,255	55,898
Increase in compensated absences	14,694			14,694
Increase in net OPEB obligation		1,195,521		1,195,521
Increase in self-insurance liability			545,336	545,336
Net cash provided (used for) by operating activities	<u>\$ 47,070</u>	<u>126,034</u>	<u>(442,008)</u>	<u>\$ (268,904)</u>

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FIDUCIARY FUNDS

Private-purpose Trust Funds

These funds are used to account for trust agreements under which the principal and income benefit individuals, private organizations or other governments.

Agency Fund

This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way Beckman Districts and the Downtown and Cherokee Lane Districts.

CITY OF LODI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2009

	Private-Purpose Trust Funds		
	Library	Hutchins Street Square Bequest	Total
ASSETS			
Cash and Investments	\$ 246,825	1,483	\$ 248,308
TOTAL ASSETS	<u>246,825</u>	<u>1,483</u>	<u>248,308</u>
NET ASSETS	\$ <u>246,825</u>	<u>1,483</u>	\$ <u>248,308</u>

CITY OF LODI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year ended June 30, 2009

	Private-Purpose Trust Funds		
	Library	Hutchins Street Square Bequest	Total
ADDITIONS			
Investment income and donations	\$	37	\$ 37
Total additions		37	37
DEDUCTIONS			
Current			
Library	419,287		419,287
Interest and fiscal charges	186,691		186,691
Total deductions	605,978		605,978
CHANGE IN NET ASSETS	(605,978)	37	(605,941)
NET ASSETS, BEGINNING OF YEAR	852,803	1,446	854,249
NET ASSETS, END OF YEAR	\$ 246,825	1,483 \$	248,308

CITY OF LODI
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
Year ended June 30, 2009

	Special Assessments			Balance 6/30/09
	Balance 7/1/08	Additions	Deductions	
ASSETS				
Cash and investments	\$ 662,098	565,918	610,140	\$ 617,876
Special assessment receivable	78,823	78,336	78,823	78,336
Interest receivable	4,642	2,083	4,642	2,083
TOTAL ASSETS	\$ 745,563	646,337	693,605	\$ 698,295
LIABILITIES				
Agency obligations	\$ 745,563		47,268	\$ 698,295
TOTAL LIABILITIES	\$ 745,563		47,268	\$ 698,295

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STATISTICAL TABLES

UNAUDITED

STATISTICAL SECTION

The Statistical Section provides detailed information as a framework for understanding the information in the financial statements, notes and required supplementary information. This section presents additional data and analysis that may provide the reader with valuable insight regarding the demographics and the overall health of the City.

Contents

Pages

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being has changed over time.

105-110

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, the property tax.

111-116

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

117-122

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

123-125

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the city provides and the activities it performs.

126-130

Sources

Unless otherwise noted, the information in these schedules are derived from the comprehensive annual financial reports for the current year. The City implemented GASB Statement 34 for the fiscal year ended June 30, 2003, schedules presenting government-wide information include information beginning that year.

CITY OF LODI

NET ASSETS BY COMPONENT LAST SEVEN FISCAL YEARS (Dollar amounts in thousands)

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Governmental activities:							
Invested in capital assets, net of related debt	\$ 115,036	\$ 107,874	\$ 110,815	\$ 111,572	\$ 106,293	\$ 100,749	\$ 94,681
Restricted	13,492	15,043	15,044	14,526	13,465	11,205	12,811
Unrestricted	(3,462)	(4,162)	(3,968)	(8,838)	(8,801)	(9,437)	(7,334)
Total governmental activities net assets	\$ 125,066	\$ 118,755	\$ 121,891	\$ 117,260	\$ 110,957	\$ 102,517	\$ 100,158
Business-type activities:							
Invested in capital assets, net of related debt	\$ 95,533	\$ 98,109	\$ 97,961	\$ 77,494	\$ 67,668	\$ 64,214	\$ 62,752
Restricted		8,657	8,711	10,969	2,351	2,578	240
Unrestricted	(35,448)	26,460	6,417	1,880	7,445	(7,511)	(10,270)
Total business-type activities net assets	\$ 60,085	\$ 133,226	\$ 113,089	\$ 90,343	\$ 77,464	\$ 59,281	\$ 52,722
Primary government:							
Invested in capital assets, net of related debt	\$ 210,569	\$ 205,983	\$ 208,776	\$ 189,066	\$ 173,961	\$ 164,963	\$ 157,433
Restricted	13,492	23,700	23,755	25,495	15,816	13,783	13,051
Unrestricted	(38,910)	22,298	2,449	(6,958)	(1,356)	(16,948)	(17,604)
Total primary government net assets	\$ 185,151	\$ 251,981	\$ 234,980	\$ 207,603	\$ 188,421	\$ 161,798	\$ 152,880

Note: The City of Lodi implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Source: City of Lodi Financial Services Division

CITY OF LODI

CHANGES IN NET ASSETS LAST SEVEN FISCAL YEARS (Dollar amounts in thousands)

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Expenses							
Governmental activities:							
General government	9,451	\$ 8,307	\$ 7,853	\$ 9,746	\$ 9,958	\$ 13,167	\$ 12,238
Public protection	27,110	25,531	23,328	22,105	22,253	19,162	16,632
Public works	10,464	12,224	10,599	13,229	12,377	11,868	10,946
Community development	1,323	2,027	2,130	2,290			
Library	1,495	1,696	1,630	1,485	1,484	1,409	1,454
Parks and recreation	4,609	4,414	4,172	4,114	4,565	4,095	3,989
Interest and fiscal charges	1,134	1,166	1,201	1,234	1,617	1,267	1,214
Total governmental activities expenses	55,586	55,365	50,913	54,203	52,254	50,968	46,473
Business-type activities:							
Electric	73,358	65,201	67,534	63,780	57,308	55,943	51,388
Wastewater	10,940	12,227	9,271	8,574	10,653	6,297	6,141
Water	9,604	9,920	9,875	8,256	11,748	7,489	12,879
Transit	4,832	3,908	3,577	3,643	3,018	3,064	5,389
Total business-type activities expenses	98,734	91,256	90,257	84,253	82,727	72,793	75,797
Total primary government expenses	\$ 154,320	\$ 146,621	\$ 141,170	\$ 138,456	\$ 134,981	\$ 123,761	\$ 122,270
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 1,631	\$ 1,544	\$ 1,280	\$ 1,232	\$ 3,639	\$ 3,144	\$ 2,355
Public protection	844	837	582	563	623	525	541
Public works	358	755	295	320	461	430	335
Community development	749	1,085	1,174	1,630			
Library	44	53	53	54	49	50	57
Parks and recreation	1,158	851	1,007	918	833	679	586
Operating grants and contributions	1,951	2,305	2,589	2,587	2,195	2,321	3,315
Capital grants and contributions	10,822	4,717	6,975	14,631	17,559	13,894	6,814
Total governmental activities program revenues	17,557	12,147	13,955	21,935	25,359	21,043	14,003
Business-type activities:							
Charges for services:							
Electric	74,000	69,284	65,809	59,112	53,908	52,899	48,873
Wastewater	9,276	9,091	8,524	8,927	8,086	6,560	6,760
Water	11,787	11,350	10,040	8,343	7,713	6,007	5,532
Transit	251	278	401	386	340	244	293
Operating grants and contributions	3,653	3,381	2,621	3,377	2,731	2,547	1,772
Capital grants and contributions	5,774	8,064	19,984	11,146	3,401	8,268	6,566
Total business-type activities program revenues	104,741	101,448	107,379	91,291	76,179	76,525	69,796
Total primary government program revenues	\$ 122,298	\$ 113,595	\$ 121,334	\$ 113,226	\$ 101,538	\$ 97,568	\$ 83,799
Net (Expense)/Revenue							
Governmental activities	\$ (38,029)	\$ (43,218)	\$ (36,958)	\$ (32,268)	\$ (26,895)	\$ (29,925)	\$ (32,470)
Business-type activities	6,007	10,192	17,122	7,038	(6,548)	3,732	(6,001)
Total primary government net expense	\$ (32,022)	\$ (33,026)	\$ (19,836)	\$ (25,230)	\$ (33,443)	\$ (26,193)	\$ (38,471)

(Continued)

CITY OF LODI

CHANGES IN NET ASSETS (Continued) LAST SEVEN FISCAL YEARS (Dollar amounts in thousands)

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets:							
Governmental activities:							
Taxes:							
Property	\$ 13,564	\$ 13,838	\$ 9,524	\$ 8,031	\$ 7,124	\$ 7,188	\$ 6,398
Franchise taxes	8,357	9,338	9,609	8,721	8,918	8,381	7,624
Business license tax	1,190	1,140	1,082	973	982	874	822
Transient occupancy tax	405	396	380	368	352	317	400
Grants and contributions not restricted to	8,249	9,593	14,772	14,215	13,193	11,895	12,069
Investment earnings	467	1,008	874	328	150	125	269
Other	2,382	1,077	621	1,012	608	590	137
Transfers	5,368	3,693	4,727	4,923	4,008	2,915	2,981
Total governmental activities	39,982	40,083	41,589	38,571	35,335	32,285	30,700
Business-type activities:							
Investment earnings	1,385	2,028	2,380	2,008	1,880	2,242	6,457
Litigation- environmental lawsuits	2,010	8,892	6,222	6,700	9,150	865	2,728
Other	1,891	2,717	1,749	2,056	2,432	2,635	1,594
Special item-forgiveness of debt					15,277		
Special item-swap termination	(8,979)						
Transfers	(5,368)	(3,693)	(4,727)	(4,923)	(4,008)	(2,915)	(2,981)
Total business-type activities	(9,061)	9,944	5,624	5,841	24,731	2,827	7,798
Total primary government	\$ 30,921	\$ 50,027	\$ 47,213	\$ 44,412	\$ 60,066	\$ 35,112	\$ 38,498
Change in Net Assets							
Governmental activities	\$ 1,953	\$ (3,135)	\$ 4,631	\$ 6,303	\$ 8,440	\$ 2,360	\$ (1,770)
Business-type activities	(3,054)	20,136	22,746	12,879	18,183	6,559	1,797
Total primary government	\$ (1,101)	\$ 17,001	\$ 27,377	\$ 19,182	\$ 26,623	\$ 8,919	\$ 27

The City of Lodi implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Source: City of Lodi Financial Services Division

CITY OF LODI

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (Dollar amounts in thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund										
Reserved	\$ 383	\$ 1,150	\$ 1,144	\$ 1,321	\$ 1,185	\$ 1,296	\$ 927	\$ 856	\$ 532	\$ 473
Unreserved	3,383	4,159	5,175	3,048	1,507	157	640	2,507	3,414	3,315
Total General Fund	\$ 3,766	\$ 5,309	\$ 6,319	\$ 4,369	\$ 2,692	\$ 1,453	\$ 1,567	\$ 3,363	\$ 3,946	\$ 3,788
All other governmental funds										
Reserved	\$ 1,487	\$ 1,932	\$ 1,874	\$ 1,138	\$ 4,942	\$ 3,778	\$ 6,405	\$ 3,363	\$ 2,779	\$ 555
Unreserved, reported in:										
Special revenue funds	6,540	7,433	6,651	6,271	1,400	534	2,322	1,814	2,439	5,774
Capital projects funds	5,217	5,504	6,200	5,663	5,650	5,720	7,655	17,905	1,695	3,511
Total all other governmental funds	\$ 13,244	\$ 14,869	\$ 14,725	\$ 13,072	\$ 11,992	\$ 10,032	\$ 16,382	\$ 23,082	\$ 6,913	\$ 9,840
	\$ 17,010	\$ 20,178	\$ 21,044	\$ 17,441	\$ 14,684	\$ 11,485	\$ 17,949	\$ 26,445	\$ 10,859	\$ 13,628

Source: City of Lodi Financial Services Division

CITY OF LODI

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (Dollar amounts in thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues:										
Taxes	\$ 23,516	\$ 24,712	\$ 20,594	\$ 18,094	\$ 17,606	\$ 16,908	\$ 24,100	\$ 23,043	\$ 21,909	\$ 19,801
Licenses and permits	431	683	717	1,020	2,511	2,021	1,669	1,464	1,592	1,406
Intergovernmental revenues	13,229	14,980	19,892	25,491	22,834	16,657	7,385	22,000	11,641	9,054
Charges for services	3,329	4,757	4,696	3,848	9,404	4,479	6,272	3,888	4,249	4,611
Fines and forfeitures	1,416	1,321	1,245	1,173	1,190	1,085	803	806	765	714
Investment and rental income	922	1,312	998	707	753	537	832	1,234	1,509	982
Miscellaneous revenue	1,762	822	304	653	458	473	453	1,349	383	764
Total revenues	44,605	48,587	48,446	50,986	54,756	42,160	41,514	53,784	42,048	37,332
Expenditures:										
Current:										
General government	8,431	9,545	8,893	8,345	10,858	10,815	10,874	8,987	8,862	7,813
Public protection	24,716	23,979	22,211	20,863	20,351	17,491	15,597	13,562	13,190	11,430
Public works	4,657	5,842	5,587	7,827	7,361	7,303	6,926	5,741	6,312	5,039
Community development	1,341	2,006	2,062	1,847						
Library	1,500	1,673	1,588	1,468	1,420	1,356	1,316	1,158	1,184	1,040
Parks and recreation	3,776	3,826	3,598	3,440	3,691	3,412	3,385	2,860	2,999	2,670
Capital outlay	6,791	4,207	3,526	7,232	9,508	10,041	12,943	17,948	12,044	6,420
Debt service:										
Interest and fiscal charges	1,139	1,170	1,205	1,238	1,645	1,245	1,220	679	755	777
Principal payments	789	898	900	892	855	759	730	555	530	505
Total expenditures	53,140	53,146	49,570	53,152	55,689	52,422	52,991	51,490	45,876	35,694
Excess (deficiency) of revenues										
Over (under) expenditures	(8,535)	(4,559)	(1,124)	(2,166)	(933)	(10,262)	(11,477)	2,294	(3,828)	1,638

CITY OF LODI

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued) LAST TEN FISCAL YEARS (Dollar amounts in thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Other financing sources (uses):										
Transfers in	10,609	7,058	8,863	9,142	8,017	9,774	11,209	12,500	9,355	9,715
Transfers out	(5,242)	(3,365)	(4,136)	(4,219)	(4,009)	(6,859)	(8,228)	(13,052)	(10,090)	(7,130)
Capital lease proceeds					124	883		148	670	
Proceeds from bond refunding								13,269		
Payment to refunded bond escrow								(13,269)		
Proceeds of certificates of participation								13,396		
Residual equity transfer										
Total other financing sources (uses)	5,367	3,693	4,727	4,923	4,132	3,798	2,981	12,992	(65)	2,585
Net change in fund balances	(3,168)	(866)	3,603	2,757	3,199	(6,464)	(8,496)	15,286	(3,893)	4,223
Fund balances, beginning of year	20,178	21,044	17,441	14,684	11,485	17,949	26,445	10,859	13,628	9,405
Adjustment to fund balance as previously reported								300	1,124	
Fund balances, end of year	\$ 17,010	\$ 20,178	\$ 21,044	\$ 17,441	\$ 14,684	\$ 11,485	\$ 17,949	\$ 26,445	\$ 10,859	\$ 13,628
Debt service as a percentage of noncapital expenditures	4.3%	4.4%	4.8%	4.9%	5.7%	5.0%	5.1%	3.8%	3.9%	4.6%

Source: City of Lodi Finance Services Division

City of Lodi

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (Dollar amounts in thousands)

	Fiscal Year										% Change 2000 to 2009
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
Property	\$ 8,887	\$ 9,210	\$ 9,289	\$ 7,676	\$ 6,771	\$ 6,948	\$ 6,191	\$ 5,641	\$ 5,322	\$ 4,932	80%
Sales & Use	8,028	9,296	10,137	9,812	9,183	8,533	8,709	8,300	8,028	7,095	13%
Transient Occupancy	405	396	380	368	352	317	400	439	390	318	27%
Franchise	1,415	976	929	890	821	800	730	931	820	675	110%
Documentary Transfer	114	125	235	355	353	240	207	172	158	116	-2%
Motor Vehicle in Lieu	4,784	4,797	4,635	4,402	4,606	2,767	3,430	3,276	3,051	3,008	59%
Public Protection	296	338	390	310	304	264	247	231	242	196	51%
Business License	1,038	1,140	1,082	973	982	874	822	787	736	658	58%
In Lieu Franchise	6,942	8,362	8,680	7,831	8,097	7,581	6,894	6,569	6,015	5,721	21%
Totals	\$ 31,909	\$ 34,640	\$ 35,757	\$ 32,617	\$ 31,469	\$ 28,324	\$ 27,630	\$ 26,346	\$ 24,762	\$ 22,719	40%

Note: General governmental tax revenues are included in taxes, licenses and permits, intergovernmental revenues and miscellaneous revenues.

CITY OF LODI

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS (Dollar amounts in thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Secured roll	\$ 5,156,706	\$ 5,069,788	\$ 4,799,141	\$ 4,254,184	\$ 3,877,398	\$ 3,619,116	\$ 3,381,945	\$ 3,096,937	\$ 2,880,201	\$ 2,707,343
Utility roll	2,031	2,035	2,773	3,654	3,782	3,893	3,352	3,379	3,484	3,525
Unsecured roll	263,648	258,687	242,082	216,065	215,469	202,785	207,095	198,678	177,040	163,299
Gross assessed value	5,422,385	5,330,510	5,043,996	4,473,903	4,096,649	3,825,794	3,592,392	3,298,994	3,060,725	2,874,167
Less exemptions (1)	265,154	243,259	229,049	220,590	217,077	212,102	200,957	190,252	185,473	183,294
Net assessed value	<u>\$ 5,157,231</u>	<u>\$ 5,087,251</u>	<u>\$ 4,814,947</u>	<u>\$ 4,253,313</u>	<u>\$ 3,879,572</u>	<u>\$ 3,613,692</u>	<u>\$ 3,391,435</u>	<u>\$ 3,108,742</u>	<u>\$ 2,875,252</u>	<u>\$ 2,690,873</u>
Land	1,562,729	1,537,554	1,431,203	1,226,293	1,107,776	1,027,462	960,166	889,262	832,788	787,249
Improvements	3,577,741	3,503,186	3,327,453	2,989,575	2,739,061	2,549,860	2,366,887	2,164,121	1,982,668	1,847,800
Personal property	281,915	289,770	285,340	258,035	249,812	248,472	265,339	245,611	245,269	239,118
Gross assessed value	5,422,385	5,330,510	5,043,996	4,473,903	4,096,649	3,825,794	3,592,392	3,298,994	3,060,725	2,874,167
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Net assessed value	<u>\$ 5,157,231</u>	<u>\$ 5,087,251</u>	<u>\$ 4,814,947</u>	<u>\$ 4,253,313</u>	<u>\$ 3,879,572</u>	<u>\$ 3,613,692</u>	<u>\$ 3,391,435</u>	<u>\$ 3,108,742</u>	<u>\$ 2,875,252</u>	<u>\$ 2,690,873</u>
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

(1) All exemptions (secured, utility, and unsecured rolls) are homeowners - \$70,348 and other - \$194,806 = \$265,154

Note: In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only assessed at the time that it is sold to a new owner. At that point, the property being sold is reassessed at the purchase price. The assessed valuation data shown above represents the only data currently available with respect to the the actual market value of taxable property and is subject to the limitations described above.

Source: San Joaquin County Auditor-Controller's Office

CITY OF LODI

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS (Rate per \$100 of assessed value)

Fiscal Year	Basic Countywide		School	All Other	Total
	Levy				
2009	1.0000	0.0517		0.0000	1.0517
2008	1.0000	0.0478		0.0000	1.0478
2007	1.0000	0.0478		0.0000	1.0478
2006	1.0000	0.0570		0.0000	1.0570
2005	1.0000	0.0311		0.0000	1.0311
2004	1.0000	0.0475		0.0000	1.0475
2003	1.0000	0.0487		0.0000	1.0487
2002	1.0000	0.0002		0.0000	1.0002
2001	1.0000	0.0002		0.0000	1.0002
2000	1.0000	0.0002		0.0034	1.0036

Source: San Joaquin County Tax Collector

CITY OF LODI

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO (Dollar amounts in thousands)

Taxpayer	Fiscal Year					
	2009			2000		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Lodi Memorial Hospital Assn	\$ 168,303	1	3.441 %			
General Mills	152,676	2	3.121	\$ 175,049	1	6.935 %
Pacific Coast Producers	86,146	3	1.761	44,686	2	1.770
Calif Physicians Service Corp	42,615	4	0.871			
Cottage Bakery Inc	24,653	5	0.504			
Certainteed Corp	19,431	6	0.397			
Archer Daniels Midland Co Corp	19,098	7	0.391			
Dart Container Corp	18,814	8	0.385	12,885	6	0.510
Thule Hitch Systems	18,932	9	0.387			
Lowe's	14,153	10	0.289			
Dayton Hudson Corp				15,623	3	0.619
California Waste Removal System				14,354	4	0.569
GFLIP Limited Partners				12,941	5	0.513
Wells Fargo Bank				11,775	7	0.467
First Lodi Associates				11,620	8	0.460
Wallace Computer Service				10,738	9	0.426
Edmund N. Richmond				10,455	10	0.414
Principal Secured Property Valuation	564,821		11.547	320,126		12.683
Other Secured Taxpayers	4,591,885		93.874	2,387,217		94.579
Exemptions relative to secured tax roll	265,154		5.421	183,294		7.262
Total Secured Property Valuation	<u>\$ 4,891,552</u>		<u>100.000 %</u>	<u>\$ 2,524,049</u>		<u>100.000 %</u>

CITY OF LODI

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS (Dollar amounts in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy		Total Collections to Date	
			Amount	Percent of Levy (1)	Amount	Percent of Levy
2009	\$	7,966	\$ 7,966	100.0%	\$ 7,966	100.0%
2008		8,167	8,167	100.0%	8,167	100.0%
2007		8,170	8,170	100.0%	8,170	100.0%
2006		7,815	7,815	100.0%	7,815	100.0%
2005		7,057	7,057	100.0%	7,057	100.0%
2004		6,570	6,570	100.0%	6,570	100.0%
2003		5,832	5,832	100.0%	5,832	100.0%
2002		5,757	5,757	100.0%	5,757	100.0%
2001		5,182	5,182	100.0%	5,182	100.0%
2000		5,056	5,056	100.0%	5,056	100.0%

1) Per agreement with San Joaquin County, the County provides the City of Lodi with 100% of the amount owed to the City for secured properties, regardless of collection status. In exchange, the County is entitled to 100% of revenues collected for interest and penalties. This agreement is commonly referred to as the Teeter Plan.

Source: San Joaquin County Auditor/Controller's Office

CITY OF LODI

ELECTRICITY SOLD BY TYPE OF CUSTOMER LAST FOUR FISCAL YEARS

Type of Customer	Billed Accounts	Billed Accounts	Billed Accounts	Billed Accounts
	2009	2008	2007	2006
City Accounts	189	187	186	184
Contract Large Industrial		5	5	6
Contract Medium Industrial		1	1	2
Contract Small Industrial		1	0	1
Domestic Residential	22,506	22,510	22,938	22,860
Domestic Mobile Home Park	13	13	13	13
Dusk to Dawn	92	92	95	95
Large Commercial	377	380	375	359
Large Industrial	37	32	33	33
Medium Industrial	8	8	10	13
Residential Low Income	1,847	1,943	2,003	1,910
Small Commerical	3,249	3,199	3,241	3,279
Small Industrial	10	9	9	9
Total	<u>28,328</u>	<u>28,380</u>	<u>28,909</u>	<u>28,764</u>

Information prior to the implementation of GASB 44 is not available.

Source: City of Lodi Financial Services Division

CITY OF LODI

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS (Dollar amounts in thousands, except per capita)

Fiscal Year	Governmental Activities				Business-type Activities					
	Certificates of Participation	Loan Payable	Notes Payable	Total Governmental Activities	Certificates of Participation	Notes Payable	Total Business-type Activities	Total Primary Government	Percent of Personal Income (1)	Per Capita (1)
2009	\$ 22,855	\$ -	\$ 245	\$ 23,100	\$ 147,175	\$ 1,585	\$ 148,760	\$ 171,860	n/a %	2,714
2008	23,420	94	245	23,759	139,760	1,755	141,515	165,274	n/a	2,608
2007	23,975	187	245	24,407	121,675	1,918	123,593	148,000	0.77	2,335
2006	24,510	279	245	25,034	125,340	2,077	127,417	152,451	0.84	2,427
2005	25,030	368	245	25,643	126,615	2,230	128,845	154,488	0.90	2,473
2004	25,530	456	245	26,231	148,675	2,378	151,053	177,284	1.07	2,917
2003	26,015	543	245	26,803	117,515	2,521	120,036	146,839	0.94	2,427
2002	26,745	622	245	27,612	75,285	2,660	77,945	105,557	0.72	1,776
2001	12,980			12,980	59,931	2,794	62,725	75,705	0.53	1,292
2000	13,510			13,510	55,544	2,923	58,467	71,977	0.52	1,243

Details regarding the City's outstanding debt can be found in the Note 8 of these financial statements.

(1) See Demographic and Economic Statistics table for personal income and population.

Source: City of Lodi Financial Services Division

CITY OF LODI

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

(Dollar amounts in thousands, except per capita)

Fiscal Year	Certificates of Participation	Total	Percent of Assessed Value (1) of Property	Per Capita
2009	\$ 22,855	\$ 22,855	0.4 %	\$ 360.98
2008	23,420	23,420	0.4	369.62
2007	23,975	23,975	0.5	378.18
2006	24,510	24,510	0.5	390.18
2005	25,030	25,030	0.6	400.69
2004	25,530	25,530	0.7	420.12
2003	26,015	26,015	0.7	430.00
2002	26,745	26,745	0.8	450.02
2001	12,980	12,980	0.4	221.50
2000	13,510	13,510	0.5	233.33

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Source: City of Lodi Financial Services Division

CITY OF LODI

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS (Dollar amounts in thousands)

	FISCAL YEAR									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Assessed valuation (1)	\$ 5,227,580	\$ 5,159,269	\$ 4,887,074	\$ 4,325,000	\$ 3,951,862	\$ 3,686,227	\$ 3,464,195	\$ 3,177,319	\$ 2,942,348	\$ 2,757,557
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,306,895	1,289,817	1,221,769	1,081,250	987,966	921,557	866,049	794,330	735,587	689,389
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit	196,034	193,473	183,265	162,188	148,195	138,234	129,907	119,149	110,338	103,408
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 196,034</u>	<u>\$ 193,473</u>	<u>\$ 183,265</u>	<u>\$ 162,188</u>	<u>\$ 148,195</u>	<u>\$ 138,234</u>	<u>\$ 129,907</u>	<u>\$ 119,149</u>	<u>\$ 110,338</u>	<u>\$ 103,408</u>
Total net debt applicable to the limit as a percent of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1982 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computation shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the state.

(1) Reflects City assessed valuation with other exemptions of \$194,806 deducted for 2009.

Source: San Joaquin County Auditor-Controller's Office

CITY OF LODI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2009

	<u>Total Debt</u> <u>06/30/09</u>	<u>Percentage</u> <u>Applicable (1)</u>	<u>City's Share</u> <u>of Debt</u>
OVERLAPPING TAX AND ASSESSMENT DEBT:			
San Joaquin Community College District	\$ 80,176,115	8.322 %	\$ 6,672,256
Lodi Unified School District	10,452,000	35.678	3,729,065
City of Lodi 1915 Act Bonds	465,000	100.00	465,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>10,866,321</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Joaquin County Certificates of Participation	\$ 207,495,000	9.178 %	19,043,891
Lodi Unified School District Certificates of Participation	49,000,000	35.678	17,482,220
City of Lodi Certificates of Participation	22,855,000	100.00	22,855,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			59,381,111
COMBINED TOTAL DEBT(2)			<u><u>\$ 70,247,432</u></u>

2008-09 Assessed Valuation \$ 5,422,385,000

2008-09 Population 63,313

		<u>Per Capita</u>	<u>Value</u>
DEBT RATIOS	Total Gross Debt \$ 70,247,432 \$	1,110	1.30%

(1) Percent of overlapping agency's assessed valuation located within the boundaries of the City.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

SOURCE: California Municipal Statistics, San Francisco, CA

San Joaquin County Auditors-Controller Office

State of California, Department of Finance, Demographic Research Unit

CITY OF LODI

PLEDGED-REVENUE COVERAGE LAST TEN FISCAL YEARS (Dollars amounts in thousands)

Fiscal Year	Adjusted Annual Revenues (1)	Less:	Adjusted Operating Expenses (2)	Net Available Revenue	Debt Service			Coverage					
					Principal	Interest	Total						
Electric Revenue Certificates of Participation													
2009	\$	75,195	\$	58,370	\$	16,825	\$	5,240	\$	4,720	\$	9,960	1.69
2008		74,923		54,437		20,486		2,305		3,961		6,266	3.27
2007		67,865		52,984		14,881		2,350		3,977		6,327	2.35
2006		61,066		51,131		9,935		-		3,613		3,613	2.75
2005		60,793		44,252		16,541		5,895		3,146		9,041	1.83
2004		56,347		45,045		11,302		2,150		3,261		5,411	2.09
2003		55,847		39,584		16,263		4,575		2,836		7,411	2.19
2002		49,858		61,039		(11,181)		1,100		1,646		2,746	(4.07)
2001		45,435		43,407		2,028				1,391		1,391	1.46
2000		41,541		37,385		4,156				1,330		1,330	3.12

continued

CITY OF LODI

PLEDGED-REVENUE COVERAGE (continued) LAST TEN FISCAL YEARS (Dollars amounts in thousands)

Fiscal Year	Adjusted Annual Revenues (1)	Less: Adjusted Operating Expenses (2)	Net Available Revenue	Debt Service			Coverage	
				Principal	Interest	Total		
Wastewater Certificates of Participation								
2009	\$ 10,764	\$ 5,921	4,843	\$ 1,270	\$ 2,882	4,152	1.17	
2008	10,530	6,189	4,341	1,355	2,334	3,689	1.18	
2007	9,881	5,287	4,594	1,315	2,017	3,332	1.38	
2006	9,865	4,886	4,979	1,275	2,056	3,331	1.49	
2005	9,232	4,781	4,451	540	2,210	2,750	1.62	
2004	7,211	4,385	2,826	175	715	890	3.18	
2003	7,428	4,380	3,048	160	639	799	3.81	
2002	5,277	4,808	469	150	649	799	0.59	
2001	5,175	4,336	839	145	658	803	1.04	
2000	4,284	3,147	1,137	140	667	807	1.41	

Includes all nongeneral obligation long term debt backed by pledged revenues.

Details regarding the City's outstanding debt can be found in the Note 8 of these financial statements.

(1) Total operating revenues including investment earnings.

(2) Total operating expenses exclusive of in-lieu fees paid to the General Fund and depreciation and amortization.

Source: City of Lodi Financial Services Division

CITY OF LODI

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Square Miles	City Population	Population Percent Change	San Joaquin County Population	Population Percent of County	Rank in Size of California Cities	Personal Income (millions of dollars)	Per Capita Personal Income	Unemployment Rate
2009	13.92	63,313	-0.1%	689,480	9.2%	135	n/a	n/a	12.2%
2008	13.92	63,362	-0.1%	685,600	9.2%	133	n/a	n/a	7.1%
2007	13.17	63,395	0.9%	679,687	9.3%	129	\$ 19,286	\$ 28,743	6.1%
2006	12.81	62,817	0.6%	668,265	9.4%	131	18,125	27,272	5.5%
2005	12.81	62,467	2.8%	653,333	9.6%	131	17,257	26,239	5.9%
2004	12.79	60,769	0.4%	630,600	9.6%	130	16,573	25,527	6.5%
2003	12.69	60,500	1.8%	613,500	9.9%	179	15,543	24,620	6.9%
2002	12.62	59,431	1.4%	596,000	10.0%	129	14,747	24,150	6.6%
2001	12.60	58,600	1.2%	583,700	10.0%	126	14,281	24,086	6.4%
2000	12.50	57,900	1.8%	566,600	10.2%	125	13,757	24,209	6.5%

Personal income is the income received by all persons from all sources. Personal income is the some of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and personal current transfer receipts.

Per capita personal income is calculated as the personal income of residents of a given area divided by the resident population of the area. In computing per capita personal income, Bureau of Economic analysis uses the Census Bureau's annual midyear population estimates.

Source: State of California, Department of Finance, Demographic Reseach Unit and Department of Labor.

CITY OF LODI

PRINCIPAL PRIVATE EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	Current			Nine Years Ago		
	<u>Employees</u>	<u>Rank</u>	Percent	<u>Employees</u>	<u>Rank</u>	Percent
			of Total City <u>Employment</u>			of Total City <u>Employment</u>
Lodi Unified School District	3,301	1	12.64 %	2,247	1	8.60
Lodi Memorial Hospital	1,360	2	5.21	650	2	2.49
Pacific Coast Producers	1,200	3	4.59	530	4	2.03
Blue Shield	850	4	3.25			
Cottage Bakery	700	5	2.68			
General Mills	478	6	1.83	575	3	2.20
City of Lodi	457	7	1.75	413	5	1.58
Farmers & Merchants Bank	336	8	1.29	183	10	0.70
Walmart	285	9	1.09	226	6	0.86
Target	165	10	0.63	200	7	0.77
Valley Industries				191	9	0.73
Lodi Fab Industries, Inc				200	8	0.77
Total	<u>9,132</u>		<u>34.96</u>	<u>5,415</u>		<u>20.73</u>

Note: The City of Lodi implemented GASB 44 for the fiscal year ended June 30, 2006.

CITY OF LODI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT LAST TEN FISCAL YEARS

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Department:										
Administration	32	19	35	33	37	36	37	34	34	32
Community Development	13	14	18	17	17	17	18	17	17	15
Electric	50	48	64	65	52	52	52	50	47	46
Financial Services	26	39	30	28	38	38	38	35	34	34
Fire	64	64	64	61	68	61	68	55	52	50
Library	14	14	16	14	15	15	15	14	14	14
Parks & Recreation	31	30	34	31	34	34	34	29	29	26
Police	125	125	116	117	117	116	117	115	114	113
Public Works	102	107	114	99	111	110	110	108	103	99
Total	457	460	491	465	489	479	489	457	444	429

Source: City of Lodi Budget Document

CITY OF LODI

OPERATING INDICATORS BY FUNCTION/PROGRAM/DEPARTMENT LAST FOUR FISCAL YEARS

	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
General government:				
Building permits issued	1,754	1,851	2,317	2,699
Business tax certificates:				
Retail sales and service	2,496	2,442	2,632	2,565
Manufacturers and processors	82	78	78	125
Professions	380	398	404	322
Miscellaneous contractors, peddlers, delivery vehicles, etc.	1,411	1,063	1,127	533
Utility billing/customer service:				
Number of customers	25,555	25,555	25,712	25,655
Energy sales (KWH)	452,075,554	450,407,709	458,740,745	459,637,092
Peak demand (MW)	134	134	144	127
Public safety:				
Police:				
Major reported crimes	2,454	2,993	3,096	3,234
Total arrests	4,646	5,590	5,463	5,162
Dispatched calls for service	56,391	55,911	53,686	55,937
Fire:				
Interior structure fire calls	69	88	79	66
Non-structural fire calls	123	160	163	158
Hazardous materials calls	70	35	27	26
Emergency medical calls	3,364	3,420	3,213	2,912
Total emergency calls	5,392	5,346	5,000	4,447
Total number of units dispatched	7,038	7,841	7,005	6,055
Public works:				
Miles of streets resurfaced	6	5	4	33
Fleet job orders completed	3,921	3,520	6,938	5,608
Trees planted	96	130	95	-
Water utility:				
New connections	17	35	110	266
Water main breaks	4	4	10	8
Wastewater utility:				
Average daily treatment (million gal/day)	6.5MG	6.5MG	6.9MG	6.7MG
Library:				
Registered borrowers	53,530	48,969	44,558	52,779
Circulation of library materials	219,711	280,466	273,270	281,216
Reference, research and informational questions answered	15,379	19,257	18,854	17,342
Annual attendance at libraries	n/a	296,793	288,070	287,986
Number of programs offered	316	348	339	320
Annual attendance at programs	8,765	11,242	10,700	10,872
Public access computer usage	38,388	38,999	35,260	29,896
Community center:				
Community center bookings	475	494	302	220

CITY OF LODI

OPERATING INDICATORS BY FUNCTION/PROGRAM/DEPARTMENT (continued) LAST FOUR FISCAL YEARS

	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Instructional classes	507	530	478	509
Registered students	3,316	5,550	3,548	4,369
Yearly attendance	14,050	14,410	14,429	15,369
Parks and recreation:				
After school program registration (number of participants/sites)	1,920/4	3,014/4	145000/12	135,000/12
Adult sports				
Program/Participation	2,284	28,000	36,000	36,000
Programs offered	13	11	11	11
Partnerships	1	3	3	5
Tournaments	10	10	20	20
Youth/Teen sports				
Program attendance	215,000	195,000	200,000	200,000
Programs offered	24	14	14	20
Aquatics				
Program attendance	2,433	50,000	59,000	59,000
Number of programs	6	3	8	6

Note: The City of Lodi implemented GASB 44 for the fiscal year ended June 30, 2006.
Information prior to the implementation of GASB 44 is not available.

Source: City of Lodi

CITY OF LODI

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM/DEPARTMENT LAST FIVE FISCAL YEARS

	Fiscal Year				
	2009	2008	2007	2006	2005
General government:					
Total square miles	13.92	13.92	13.17	12.81	12.81
Public safety:					
Police:					
Facilities:					
Stations	1	1	1	1	1
Animal control facility	1	1	1	1	1
Police training facility (pistol range)	1	1	1	1	1
Vehicles:					
Marked patrol cars	25	25	25	28	28
Motorcycles and scooters	5	5	5	4	1
Animal control vehicles	2	2	2	3	3
Other automobiles	38	40	41	41	41
Fire:					
Facilities:					
Fire stations	4	4	4	4	4
Vehicles:					
Fire engines	7	6	6	5	5
Trucks/Trailers	6	9	8	7	7
Other automobiles	12	7	10	11	11
Public works:					
Miles of streets	202	200	184	198	100
Miles of alley ways	16	16	16	16	14
Traffic signals	62	64	66	64	60
Street lights	7,270	7,270	7,270	7,203	6,995

CITY OF LODI

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM/DEPARTMENT (continued) LAST FIVE FISCAL YEARS

	Fiscal Year				
	2009	2008	2007	2006	2005
Parks and recreation:					
Parks and squares	26	23	23	23	23
Park acreage	371	275	275	275	275
Boating facilities - launch lanes	1	1	1	1	1
Senior center	1	1	1	1	1
Community Centers	1	1	1	1	1
Swimming pools	4	3	3	3	3
Baseball/softball diamonds	24	26	26	26	26
Tennis courts	11	11	11	11	11
Skateboard park	1	1	1	1	1
Playgrounds	25	22	22	22	22
Ballpark	24	26	26	26	26
Soccer Field	22	22	22	22	22
Football Field	1	3	3	3	3
Handball/Basketball/Volleyball Courts	10	8	8	8	8
Horseshoe Pits	6	7	10	10	10
Library:					
Central library	1	1	1	1	1
Total items in collection	135,197	142,885	142,098	134,129	137,673
Integrated library system	1	1	1	1	1
Microform readers	1	1	1	1	1
Microform readers/printers	1	1	1	1	1
Self check out machines	2	0	1	1	1
Electric utility:					
Overhead lines 12kv (miles)	130	130	129	129	129
Overhead lines 60kv (miles)	13	13	13	13	13
Underground lines (miles)	154	153	151	151	151

CITY OF LODI

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM/DEPARTMENT (continued) LAST FIVE FISCAL YEARS

	Fiscal Year				
	2009	2008	2007	2006	2005
Water utility:					
Water main lines	233	233	238	235	230
Water storage capacity (gallons)	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Water wells	26	26	26	26	25
Water reservoirs	2	2	2	2	2
Wastewater utility:					
Wastewater main lines (miles)	194	194	189	182	182
Treatment capacity	8.5 MG	8.5 MG	8.5 MG	8.5 MG	8.5 MG
Wastewater treatment plant	1	1	1	1	1
Stormwater utility:					
Stormwater main drain lines (miles)	161	119	161	115	114
Stormwater pump stations	14	14	14	13	14
Central parking district:					
Parking structure	1	1	1	1	1
Parking spaces	2,453	2,453	2,453	2,453	2,453
Parking lots	25	25	25	25	25

Note: The City of Lodi implemented GASB 44 for the fiscal year ended June 30, 2006. Information prior to 2005 is not readily available.

Source: City of Lodi Departments

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SINGLE AUDIT REPORTS

CITY OF LODI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Federal Grantor Pass-through Grantor or Direct Program Title	CFDA Number	Grant/Project Number	Expenditures
U.S. Department of Housing and Urban Development			
Passed through San Joaquin County Department of Planning and Building Inspection:			
Community Development Block Grants/Entitlement Grants:			
2003-2004 Program Year	14.218	B03-UC-06-0009	\$ 117,893
Total Community Development Block Grants/Entitlement Grants			<u>117,893</u>
U.S. Department of Justice			
Direct:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0951	13,160
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0138	4,648
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-CK-WX-0248	93,530
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>111,338</u>
U.S. Department of Transportation			
Direct:			
Federal Transit Formula Grants:			
2005-2006 Program Year - Operating	20.507	CA-90-Y413-00	38,812
2007-2008 Program Year - Operating	20.507	CA-90-Y634-00	314,000
2008-2009 Program Year - Operating	20.507	CA-90-Y736-00	1,392,047
2003-2005 Program Years - Capital	20.507	CA-90-Y389-00	16,420
2006-2007 Program Year - Capital	20.507	CA-90-Y565-00	20,573
2007-2008 Program Year - Capital	20.507	CA-90-Y634-00	97,241
2008-2009 Program Year - Capital	20.507	CA-90-Y736-00	140,887
Total Federal Transit Formula Grants			<u>2,019,980</u>
U.S. Department of Homeland Security			
Passed through San Joaquin County:			
Assistance to Firefighters Grant	97.044	EMW-2004-FG-20336	12,750
Total Assistance to Firefighters Grant			<u>12,750</u>
Total Federal Awards			<u>\$ 2,261,961</u>

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF LODI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) for the fiscal year ended June 30, 2009, presents the activity of all federal award programs of the City of Lodi, California (City). The City reporting entity is defined in Note 1 of the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the SEFA.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in governmental fund types and the full accrual basis of accounting for grants accounted for in proprietary fund types, as described in Note 1 of the City's basic financial statements.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant contract information and Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE 4 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Federal Program</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Federal Transit Formula Grants	20.507	\$ 678,742



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WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN DIEGO

The Honorable Members of City Council
City of Lodi, California

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lodi, California (City), as of and for the fiscal year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 16, 2009. Our report contained an explanatory paragraph discussing the City's implementation of the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers of Post-employment Benefits Other than Pensions* and Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* during the year ended June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Lodi, in a separate letter dated November 16, 2009.

This report is intended solely for the information and use of the City Council, management, federal and state grantor agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maclean Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California
November 16, 2009



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

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The Honorable Members of City Council
City of Lodi, California

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the City of Lodi, California (City), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2009. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, management, federal and state grantor agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macinn Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California

November 16, 2009

**CITY OF LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

CITY OF LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Identification of major programs:

Federal Transit Formula Grant

CFDA #20.507

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

CITY OF LODI
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

None

CONTINUING DISCLOSURES

UNAUDITED

CONTINUING DISCLOSURE REQUIREMENTS FOR THE CITY OF LODI AND THE LODI PUBLIC IMPROVEMENT CORPORATION Fiscal Year 2008-09

The City of Lodi has executed Continuing Disclosure Certificates associated with the various debt issues outstanding by the Electric Utility, Wastewater Utility and the Lodi Public Improvement Corporation. These Certificates were executed to satisfy provisions of Securities and Exchange Commission Rule 15c2-12(b) (5). The material provided herein applies to the various debt issues as noted. Data for each utility is shown separately.

This Bond Disclosure Section included within the City's Comprehensive Annual Financial Report (CAFR) provides the information required by the Continuing Disclosure Certificates. The CAFR, in turn, will be filed with the Municipal Securities Rulemaking Board. The CAFR may also be found on the City's website at www.lodi.gov.

ANNUAL REPORT FOR ELECTRIC UTILITY

The Lodi Electric Utility has Continuing Disclosure requirements associated with its 2008A Series A Certificates of Participation, 2002 Series C Certificates of Participation and 2002 Taxable Series D Certificates of Participation. The annual report includes, by reference, the audited financial statement of the City of Lodi (including the Electric Utility).

The annual report also contains the following five (5) tables as required in the Certificates:

1. A table setting forth the City's power supply resources for the most recently completed fiscal year.
2. A table showing the average number of customers, sales, revenues and demand for the past five fiscal years.
3. A table showing the outstanding debt of joint powers agencies in which Lodi participates and the City of Lodi share of that debt for the most recent fiscal year.
4. A table showing a summary of Operating Results for the past five fiscal years.
5. A table showing Lodi Electric Utility Department Rate Changes since November 1996 (applicable only to the 2002 Series C and D issues).

Reporting of Significant Events

The Certificates identify eleven (11) specific events that require special reporting. As of June 30, 2009, none of the specified events have occurred. Further, there is no knowledge on the part of the City Council, officers or employees of the City of any impending Significant Event that would require disclosure under the provisions of the Certificates.

Table 1 A table setting forth the City's power supply resources.

**CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
POWER SUPPLY RESOURCES**

Source	Capacity Available (MW) ⁽²⁾⁽⁵⁾	Actual Energy (MWh)	% of Total Energy
Purchased Power ⁽³⁾ :			
Western	6.3	11,751	2.27%
NCPA			
Geothermal Project	11.1	96,991	18.75
Hydroelectric Project	25.2	42,094	8.14
Combustion Turbine Project No. 1	10.0	78	0.02
Capital Facilities, Unit One	19.7	18,039	3.49
Contracts, Exchanges and Bilaterals ⁽⁴⁾	80.0	348,428	67.34
Total	152.3	517,381 ^{(5) (6)}	100.00%
Total Capacity and Energy Sold at Wholesale	N/A	48,289	
City System Requirement for Retail Load	152.3	469,092	

(1) Columns may not add to totals due to rounding.

(2) Non-coincident capacity available.

(3) Entitlements, firm allocations and contract amounts.

(4) Includes participation in NCPA/Seattle City Light exchange. See "OTHER NCPA PROJECTS—Power Purchase Contracts" in the forepart of this Official Statement.

(5) Units at Backbone Output.

(6) Includes supply from exchanges and line losses.

Table 2 A table showing the average number of customers, sales, revenues and demand for the past five fiscal years.

**CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
CUSTOMER SALES, REVENUE AND DEMAND**

	Fiscal Years Ended June 30,				
	2005	2006	2007	2008	2009
Number of Customers:					
Residential	22,554	22,870	22,928	22,523	22,465
Commercial	2,439	2,455	2,423	2,714	2,696
Industrial	32	32	33	32	37
Other	178	182	182	187	188
Total Customers	25,203	25,539	25,566	25,456	25,386
Kilowatt-Hour (kWh) Sales:					
Residential	153,080,272	159,540,557	159,247,195	153,563,188	153,487,430
Commercial	151,275,376	150,561,659	153,963,719	155,146,983	155,206,324
Industrial	142,395,954	141,462,582	133,816,956	129,429,938	131,059,764
Other	8,486,879	8,072,294	11,712,875	12,267,600	12,322,036
Total kWh sales	455,238,481	459,637,092	458,740,745	450,407,709	452,075,554
Revenues from Sale of Energy ⁽²⁾ :					
Residential	\$ 21,367,522	\$ 24,259,736	\$ 27,013,494	\$ 27,127,049	\$ 29,016,776
Commercial	19,721,979	21,365,903	23,241,809	25,173,286	26,883,557
Industrial	10,603,734	11,666,005	13,470,620	14,591,885	15,875,038
Other	2,214,897	1,820,944	2,071,324	2,132,120	2,224,567
Total Revenues from Sale of Energy:	\$ 53,908,132	\$ 59,112,588	\$ 65,797,247	\$ 69,024,340	\$ 73,999,938
Peak Demand (kW)	117.5	124.3	140.4	132.4	117.4

(1) Columns may not add to totals due to rounding.

Excludes revenues from California Energy Commission Tax.

Sources: City of Lodi, audited annual financial statements and Customer Information System reports.

Table 3 A table showing the outstanding debt of joint powers agencies in which Lodi participates.

**CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
OUTSTANDING DEBT OF JOINT POWERS AGENCIES
(Dollar Amounts in Millions)**

	<u>Outstanding Debt</u>	<u>Lodi's Participation⁽¹⁾</u>	<u>Lodi's Share of Outstanding Debt</u>
NCPA			
Geothermal Project	\$ 77.0	10.28%	\$ 7.9
Geysers Transmission Project	2.5	18.48	0.4
Calaveras Hydroelectric Project	478.0	10.37 ⁽²⁾	49.6
Combustion Turbine Project No. 1	12.0	8.03 ⁽³⁾	1.0
Capital Facilities Project Unit One	64.0	39.50	25.3
TANC			
Bonds	348.0	1.89	6.6
Commercial Paper Notes		N/A	
TOTAL*	<u>\$ 981.5</u>	<u>9.25%</u>	<u>\$ 90.8</u>

* Columns may not add to totals due to independent rounding.

(1) Participation obligation is subject to increase upon default of another project participant.

Such increase shall not exceed, without the written consent of a non-defaulting participant, an accumulated maximum of 25% of such non-defaulting participant's original participation.

(2) Participant's project entitlement remains the same but share of debt has increased to 10.64% due to change in debt participation

(3) Reflects the transfer of 34 MW of Lodi's interest in the NCPA Combustion Turbine Project No. 1 to the City of Roseville.

Lodi remains contractually obligated under the related third phase agreement for its 34.78% entitlement share through August 31, 2010.

Source: City of Lodi.

Table 4 A table showing a summary of operating results for the past five fiscal years.

CITY OF LODI ELECTRIC SYSTEM SUMMARY OF OPERATING RESULTS ⁽¹⁾ Ending Fiscal Year June 30 (Dollars in 000s)					
	Actual 2005 ⁽²⁾	Actual 2006 ⁽²⁾	Actual 2007 ⁽²⁾	Actual 2008	Actual 2009
Operating Revenues					
Rate Revenue	\$ 53,908	\$ 59,113	\$ 65,809	65,110	\$ 65,229
ECA Revenue	-	-	-	4,174	8,771
Other Revenue ⁽³⁾	6,885	1,953	2,056	5,639	1,195
Total Operating Revenue	60,793	61,066	67,865	74,923	75,195
Operating Expenses					
Purchased Power	33,069	41,170	43,362	42,862	46,405
Non-Power Costs ⁽⁴⁾	11,183	9,961	9,622	11,575	11,965
Total Operating Expenses	44,252	51,131	52,984	54,437	58,370
Net Revenue Available for Debt Service	16,541	9,935	14,881	20,486	16,825
Parity Debt Service					
2002 C & D, 2008 A Bonds	9,041	3,613	6,327	6,266	9,960
Total Net Debt Service	9,041	3,613	6,327	6,266	9,960
Debt Service Coverage	1.83	2.75	2.35	3.27	1.69
Remaining Revenue Available for Other Purposes	7,500	6,322	8,554	14,220	6,865
Non-Operating Expenses					
In-Lieu Transfer to General Fund	(6,349)	(6,050)	(6,779)	(6,873)	(6,942)
Other Changes in Working Capital ⁽⁵⁾	(484)	(5,192)	(1,562)		
Net Cash Flow Before Capital Expenditures	667	(4,920)	213	7,347	(77)
Beginning Operating Reserve	5,790	7,342	3,632	5,470	14,513
Changes in GOR	885	1,210	1,625	1,696	(582)
Net Deposit/Withdrawal from Reserves	667	(4,920)	213	7,347	(77)
Ending Operating Reserve	\$ 7,342	\$ 3,632	\$ 5,470	\$ 14,513	\$ 13,854

Source: City of Lodi

(1) As defined in the Installment Purchase Contract, which may or may not be on the same basis as Generally Accepted Accounting Principles.

(2) Certain amounts have been recast to reflect corrected coverage amounts.

(3) Other revenues for FY 05 include a transfer of \$4.5 million from a rate stabilization account and FY 08 include \$3.25 million for the sale of the City's rights to the NCPA Combustion Turbine #1 to Roseville.

(4) Non-power costs include cost of services provided by other departments and does not include depreciation and amortization expense.

(5) Consists of non-cash accounting entries.

Table 5 A table showing Lodi Electric Utility Department Rate Changes since November 1996.

**CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
RATE CHANGES**

Effective Date	Percent Change
December 2007	Established Solar Initiative Surcharge of \$0.00125 per kilowatt-hour
August 2007	Implemented monthly Energy Cost Adjustment
December 2005	Average 17% increase across all rate classes
December 2002	4.5% average rate increase
August 2001	Increased MCA for all but contract customers: 10% to 12% rate change
June 2001	Implemented MCA for residential and small commercial: 8% to 10% rate change
December 1998	5.00% rate decrease for small commercial/industrial customers
May 1998	2.50% general rate increase to fund public benefit programs
September 1997	4.5 to 5.5 cents per kilowatt-hour, non-demand, non-time-use, contract rate available for new large commercial/industrial loads
December 1996	10% to 40% economic development discount on new small to medium commercial/industrial electric loads
November 1996	Economic Stimulus Rate Credit increased to 1.262 cents per kilowatt-hour from 0.4 cents per kilowatt-hour for largest primary service customers (estimated 19% reduction)

Source: City of Lodi.

ANNUAL REPORT FOR WASTEWATER UTILITY

The Lodi Wastewater Utility has Continuing Disclosure requirements associated with its 2007 Series A Certificates of Participation and 2004 Series A Certificates of Participation. The annual report includes, by reference, the audited financial statement of the City of Lodi (including the Wastewater Utility).

The annual report also contains the following five (5) tables as required in the Certificates:

1. A table setting forth the City's number of connections by user type for the past five fiscal years.
2. A table showing the proportion of service charge revenue by class of user for the most recent fiscal year (applicable only to the 2004 Series A issue).
3. A table showing the largest users by service charge revenues for the most recent fiscal year.
4. A table showing a schedule of service charges.
5. A table showing a summary of historic operating results and debt service coverage for the past five fiscal years.

Additionally, the Certificate for the 2007 Series A issue requires a description of any additional indebtedness incurred during the prior fiscal year which is payable from the system net revenues on a parity with the installment payments.

Reporting of Significant Events

The Certificates identify eleven (11) specific events that require special reporting. As of June 30, 2009, none of the specified events have occurred. Further, there is no knowledge on the part of the City Council, officers or employees of the City of any impending Significant Event that would require disclosure under the provisions of the Certificates.

Table 1 A table setting forth the City's number of connections by user type for the past five fiscal years.

City of Lodi Wastewater System Number of Connections by User Type as of June 30 and Percentage of Fiscal Year 2008-09 Service Charge Revenue by User Type						
User Type	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>% of FY 08/09 Service Charge Revenue</u>
Residential	22,194	22,511	22,571	22,277	22,227	72.9%
Commercial/Industrial	<u>1,584</u>	<u>1,603</u>	<u>1,562</u>	<u>1,847</u>	<u>1,815</u>	<u>27.1%</u>
Total All Users	<u><u>23,778</u></u>	<u><u>24,114</u></u>	<u><u>24,133</u></u>	<u><u>24,124</u></u>	<u><u>24,042</u></u>	<u><u>100.0%</u></u>

Source: City of Lodi

Table 2 A table showing the proportion of service charge revenue by class of user for the most recent fiscal year.

**City of Lodi
Wastewater System
Proportion of Service Charge Revenues by Class of User
Fiscal Year 2008-09**

User Type	Percentage of Total Annual Service Charge Revenue
Single Family Residential	59.5%
Multiple Family Residential	13.4%
Commercial/Industrial	27.1%
Total	100.0%

Source: City of Lodi

Table 3 A table showing the largest users by service charge revenue for the most recent fiscal year.

**City of Lodi
Wastewater System
Largest Users by Service Charge Revenues
Fiscal Year 2008-09**

<u>User</u>	<u>Type of Business</u>	<u>Service Charge Revenue</u>	<u>Percentage of Total Annual Service Charge Revenue</u>
Cottage Bakery	Specialty bakery, frozen dough	\$ 358,730	3.87%
Lodi Unified School District	K-12, adult education	266,538	2.87
General Mills	Cereals, bread mixes, snack foods	221,148	2.39
City of Lodi	Government	45,559	0.49
Pacific Coast Producers	Private label fruit canning	32,732	0.35
Flame Mini Mart	Gas station, liquor store	30,644	0.33
Lodi Memorial Hospital	Health Care	27,018	0.29
Miller Packing Company	Hot dog producer	25,589	0.28
Kaitz Property Management	Residential	23,298	0.25
Jay Carmac	Residential	22,719	0.24
		<u>\$ 1,053,975</u>	<u>11.36%</u>

Table 4 A table showing the schedule of service charges.

**City of Lodi
Wastewater System
Schedule of Wastewater Service Charges**

	<u>Service Charge</u> <u>(effective July</u> <u>1, 2005)</u>	<u>Service Charge</u> <u>(effective July</u> <u>1, 2006)</u>	<u>Service</u> <u>Charge</u> <u>(effective July</u> <u>1, 2007)</u>	<u>Service</u> <u>Charge</u> <u>(effective July</u> <u>1, 2008)</u>
For Residential Users (per month):				
1 Bedroom.....	\$15.20	\$15.49	\$16.03	\$16.65
2 Bedrooms.....	20.26	20.65	21.37	22.19
3 Bedrooms.....	25.34	25.81	26.71	27.74
4 Bedrooms.....	30.41	30.98	32.06	33.29
5 Bedrooms.....	35.48	36.14	37.40	38.84
6 Bedrooms.....	40.54	41.30	42.74	44.38
7 Bedrooms.....	45.60	46.46	48.08	49.93
For Commercial/Industrial Users:				
Moderate Strength (annual pers Sewage Service Unit (SSU).....	\$243.25	\$247.80	\$256.33	\$266.28
High Strength:				
Flow (annual per MG).....	1,170.45	2,092.01	2,164.00	2,247.10
BOD (annual per 1,000 lbs.).....	572.79	345.24	357.12	370.83
SS (annual per 1,000 lbs.).....	468.23	215.86	223.29	231.86
Grease Interceptor/Septic Holding Tank Waste within City Limits (per 1,000 gal.).....	179.30	182.80	189.09	196.35
Septic Holding Tank Waste Outside City Limits (per 1,000 gal.).....	380.64	388.06	401.41	416.82
Disposal to Storm Drain System (per MG).....	180.33	192.00	198.61	206.24
Disposal to Industrial System:				
Flow (per MG, annual basis).....			1,309.48	2,218.78
BOD (per 1,000 lbs., annual basis).....			22.82	20.34
Winery Waste (per 1,000 gallons).....		185.10	191.47	198.82

Table 5 A table showing historic operating results and debt service coverage for the past five fiscal years.

City of Lodi Wastewater System Historical Operating Results and Debt Service Coverage Fiscal Years 2004-05 through 2008-09					
	2004-05	2005-06	2006-07	2007-08	2008-09
Operating Revenues					
Charges for Services	\$6,645,391	\$8,206,016	\$8,523,530	\$9,091,220	\$9,276,217
Capacity/Connection Fees	1,440,337	720,588			
Non-Operating Revenues					
Interest Income	563,759	569,234	922,153	836,862	428,586
Rent	182,345	103,345	176,202	165,931	221,422
Other	400,377	265,788	259,618	435,935	838,007
Total System Revenues	9,232,209	9,864,971	9,881,503	10,529,948	10,764,232
Operating Expenses					
Personnel services	2,336,247	2,163,754	2,289,035	2,996,028	2,984,049
Supplies, Materials and services	1,809,913	1,998,725	2,314,233	2,394,804	2,067,646
Utilities	635,100	723,387	683,669	798,652	869,129
Total Operating Expenses	4,781,260	4,885,866	5,286,937	6,189,484	5,920,824
System Net Revenues	4,450,949	4,979,105	4,594,566	\$4,340,464	4,843,408
Parity Debt Service					
1991 Installment Payments	749,790	799,516	800,755	311,127	
2003 Installment Payments	382,223	378,523	379,748	380,873	426,022
2004 Installment Payments	1,618,356	2,152,825	2,151,194	2,144,438	2,134,856
2007 Installment Payments				852,239	1,591,200
Total Parity Debt Service	2,750,369	3,330,864	3,331,697	3,688,677	4,152,078
Debt Service Coverage	1.62	1.49	1.38	1.18	1.17
Non-Operating Expenses					
Transfers (In)/Out	665,691	1,057,533	1,315,191	575,326	1,451,478
Total Non-Operating Expenses	665,691	1,057,533	1,315,191	575,326	1,451,478
Net Cashflow Before Capital Expenditures	\$1,034,889	\$590,708	\$(52,322)	\$76,461	\$(760,148)

Source: Financial Services Division

Additional Indebtedness

The Wastewater Utility did not incur any additional indebtedness during the 2008-09 fiscal year which is payable from the system net revenues on a parity with the installment payments.

ANNUAL REPORT FOR THE LODI PUBLIC IMPROVEMENT CORPORATION

The Lodi Public Improvement Corporation has Continuing Disclosure requirements associated with its 2002 Certificates of Participation. The annual report includes, by reference, the audited financial statement of the City of Lodi.

The annual report also contains the following five (5) tables as required in the Certificates:

1. A table setting forth the approved budget and actual results for the most recent fiscal year.
2. A table showing the comparative statements of revenue, expenditures and changes in fund balance for the general fund for the past five fiscal years.
3. A table showing the assessed valuations for the last five fiscal years.
4. A table showing the secured property tax collections for the past ten fiscal years.
5. A table showing the ten largest locally secured taxpayers for the last fiscal year.

Reporting of Significant Events

The Certificates identify eleven (11) specific events that require special reporting. As of June 30, 2009, none of the specified events have occurred. Further, there is no knowledge on the part of the City Council, officers or employees of the City of any impending Significant Event that would require disclosure under the provisions of the Certificates.

Table 1 A table setting forth the approved budget and actual results for the most recent fiscal year.

Please refer to the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on page 75 of this Comprehensive Annual Financial Report.

Table 2 A table showing the comparative statements of revenue expenditures and changes in fund balance for the general fund for the past five fiscal years.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
LAST FIVE YEARS**

	2005	2006	2007	2008	2009
Revenues:					
Taxes	\$ 16,698,748	18,093,733	20,594,293	24,712,405	\$ 23,516,164
Licenses and permits	2,511,180	71,125	83,964	80,925	61,783
Intergovernmental revenues	14,419,838	15,620,997	16,091,446	10,642,600	8,967,410
Charges for services	2,646,094	1,823,583	1,854,575	2,510,207	1,055,137
Fines, forfeits and penalties	1,186,280	1,161,304	1,241,051	1,317,407	1,415,174
Investment and rental income	338,920	376,971	380,375	662,164	231,181
Miscellaneous revenue	174,375	319,815	210,495	630,413	446,404
Total revenues	<u>37,975,435</u>	<u>37,467,528</u>	<u>40,456,199</u>	<u>40,556,121</u>	<u>35,693,253</u>
Expenditures:					
Current:					
General government	10,857,842	8,344,970	8,893,677	9,545,370	6,922,096
Public protection	20,044,101	20,686,173	21,775,531	23,771,574	24,463,771
Public works	6,429,372	6,577,776	3,871,311	3,935,366	2,967,402
Library	1,420,257	1,468,178	1,587,714	1,672,910	1,499,720
Parks and recreation	3,671,803	3,434,361	3,597,718	3,826,450	2,160,035
Capital outlay	124,478				
Debt service:					
Interest and fiscal charges	48,475	56,026	41,464	29,724	18,516
Principal payments	266,499	282,393	273,823	249,624	129,487
Total expenditures	<u>42,862,827</u>	<u>40,849,877</u>	<u>40,041,238</u>	<u>43,031,018</u>	<u>38,161,027</u>
Deficiency of revenues under expenditures	(4,887,392)	(3,382,349)	414,961	(2,474,897)	(2,467,774)
Other financing sources (uses):					
Transfers in	6,043,184	6,892,824	4,937,314	4,040,166	5,367,983
Transfers out	(40,928)	(1,833,864)	(3,401,814)	(2,575,809)	(4,442,883)
Capital lease proceeds	124,478				
Total other financing sources (uses)	<u>6,126,734</u>	<u>5,058,960</u>	<u>1,535,500</u>	<u>1,464,357</u>	<u>925,100</u>
Net change in fund balances	1,239,342	1,676,611	1,950,461	(1,010,540)	(1,542,674)
Fund balances, beginning of year	1,452,988	2,692,330	4,368,941	6,319,402	5,308,862
Fund balances, end of year	\$ <u>2,692,330</u>	<u>4,368,941</u>	<u>6,319,402</u>	<u>5,308,862</u>	\$ <u>3,766,188</u>

Table 3 A table showing the assessed valuations for the last five fiscal years.

Please refer to the table shown in the Statistical Section on page 112.

Table 4 A table showing the secured property tax collections for the past ten fiscal years.

Please refer to the table shown in the Statistical Section on page 115.

Table 5 A table showing the ten largest locally secured taxpayers for the last fiscal year.

Please refer to the table shown in the Statistical Section on page 114.

CITY OF LODI, CALIFORNIA

Report to City Council

For the Year Ended June 30, 2009

CITY OF LODI, CALIFORNIA
Report to City Council
For the Year Ended June 30, 2009

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WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

City Council
City of Lodi, California

We have audited the financial statements of the City of Lodi, California (City) for the year ended June 30, 2009, and have issued our report thereon dated November 9, 2009. Professional standards require that we provide you with information related to our audit. That information is included in the Required Communications section of this report.

Also, in planning and performing our audit of the financial statements of the City for the year ended June 30, 2009 we considered the City's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, and not to provide assurance on internal control over financial reporting.

During our audit for the fiscal year ended June 30, 2009, we became aware of a certain matter that represents an opportunity for strengthening the City's internal control and operational efficiency. The Current Year Management Comment and Recommendation section of this report summarizes our comment and recommendation regarding the matter. We also followed up on those matters we became aware of during the previous years' audits. Those matters are included in the Status of Prior Year Recommendations section of this report. This report does not affect our report dated November 9, 2009, on the basic financial statements of the City.

This letter is intended solely for the information and use of City Council and management and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the City's management and staff for the courtesy and cooperation extended to us during the course of our engagement. We have discussed our comments and suggestions with management and would be pleased to discuss them further.

Macias Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California
November 9, 2009

CITY OF LODI, CALIFORNIA
Report to Management
Required Communications
For the Year Ended June 30, 2009

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted, other than GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Post-employment Benefits Other than Pensions* and GASB Statement No 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

The adoption of GASB 45 required the City to include a disclosure on its other post-employment benefits (commonly referred to as OPEBs) in its notes to the financial statements consistent with that disclosure already required for pensions. The adoption of GASB 45 also had two significant impacts on the City's financial statements. Historically, the City followed guidance provided by GASB Statement No. 16, *Accounting for Compensated Absences*, to account for its liabilities for sick leave benefits. A significant portion of the sick leave benefits is now accounted for under GASB 45, which is different than that under GASB 16. GASB 45 does not require the immediate recording of the liability. As a result, the City's beginning net assets were increased by \$4,777,701. GASB 45 requires a liability to be recorded only when the actual payment is less than the actuarially determined annual required contribution. For 2009, that required contribution was determined to be \$1,785,173, however the City's actual pay-as-you-go cost was just \$589,652. Therefore, the City has recorded a net OPEB obligation of \$1,195,521 as of June 30, 2009.

The adoption of GASB 49 required the City to record as a liability its estimated pollution remediation obligations. The City estimated those obligations to be \$70,505,924 as of June 30, 2008. As a result, the City's beginning net assets were decreased by this amount. The City estimated those obligations decreased to \$69,952,135 as of June 30, 2009. As a result, the City's long-term liabilities now include this amount.

The application of existing policies was not changed during the year ended June 30, 2009. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The self-insurance liability is based on the development of amounts from various consultants' actuarial studies.
- The net OPEB obligation is based on an actuarial analysis.
- The pollution remediation obligation is based upon estimated cash flows determined by an engineering consultant's remedial action plan.

CITY OF LODI, CALIFORNIA
Report to Management
Required Communications (Continued)
For the Year Ended June 30, 2009

- The actuarial pension data contained in Note 10 to the financial statements and required supplementary information (unaudited) is based on actuarial calculations performed in accordance with the parameters set forth in GASB Statement No. 50 and GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.
- The actuarial data for other postemployment benefits contained in Note 11 to the financial statements and required supplementary information (unaudited) is based on actuarial calculations performed in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement detected as a result of audit procedures was corrected by management:

Special item – swap termination	\$8,979,000	
Interest expense		\$ 374,125
Deferred charges		8,604,875

To expense the swap termination payment as a special item that was originally recorded as a deferred charge (asset) in the Electric Fund and was being amortized through interest expense.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 9, 2009.

CITY OF LODI, CALIFORNIA
Report to Management
Required Communications (Continued)
For the Year Ended June 30, 2009

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

CITY OF LODI, CALIFORNIA
Report to Management
Current Year Management Comment and Recommendation
For the Year Ended June 30, 2009

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

The American Recovery and Reinvestment Act of 2009 (the Recovery Act) provides approximately \$300 billion dollars in additional federal funds which will be passed down from federal agencies to state and local governments and institutions of higher education. These federal funds are intended to either supplement existing federal programs, create new programs, or to provide more broad fiscal relief.

The Recovery Act mandates that there be an unprecedented amount of oversight and transparency over the spending of all funds associated with it. The Office of Management and Budget (OMB) set up a web site to be the central point for the transparency part of the mandate. Also, the OMB issued guidance to the federal agencies regarding how they should carry out programs and activities relating to the Recovery Act that promotes timeliness and accountability. The OMB guidance addresses many issues and responsibilities including the following:

- Recipients are generally required to clearly distinguish Recovery Act funds from non-Recovery Act funds.
- New programs or existing programs that have significant changes in compliance requirements will be identified with a new Catalog of Federal Domestic Assistance (CFDA) number.
- Federal agencies designated Recovery Act programs as high-risk for single audit purposes.
- There is extensive quarterly reporting to federal agencies required from recipients of Recovery Act funding, which will be due within 10 days of each calendar quarter-end.
- Federal agencies are required to initiate additional oversight to address the unique implementation risks of the Recovery Act. The expectation in this area is that federal agencies will establish defined strategies to prevent or timely detect waste, fraud, or abuse.
- Federal agencies will also use the single audit process as a means of promoting accountability for Recovery Act funds.
- The Federal Audit Clearinghouse (FAC) is also required to make publicly available on the internet all single audit reports filed with the FAC for fiscal years ending September 30, 2009, and later.

CITY OF LODI, CALIFORNIA
Report to Management
Current Year Management Comment and Recommendation (Continued)
For the Year Ended June 30, 2009

Based on the information above, it is clear the Recovery Act funds will have a significant impact on your single audit. While the Recovery Act may not have an immediate impact on your June 30, 2009 single audit, it is likely that it will have a significant impact over the following two fiscal years. Therefore, the City should begin planning and assessing risks associated with the receipt, spending and reporting of Recovery Act funds. Specifically, you should consider the following:

- Whether control procedures in place over federal expenditures are appropriate, operating effectively, designed to detect and prevent unallowable expenditures, and designed to detect or prevent fraud and abuse.
- Whether the existing staffing resources are adequate to address the increased reporting and monitoring requirements as a result of the Recovery Act. Also, the City should identify individual(s) who will monitor requirements and provide consistent guidance to the organization.
- Whether additional controls and system requirements will be needed to ensure that Recovery Act funds can be separately identified and tracked.
- Whether new controls will need to be established to meet the stringent reporting requirements to federal agencies.

If Recovery Act funds will be passed down to subrecipients, that controls are in place to ensure appropriate subrecipient monitoring and also whether any new controls will need to be established related to new subrecipient reporting responsibilities.

CITY OF LODI, CALIFORNIA
Report to Management
Status of Prior Year Recommendations
For the Year Ended June 30, 2009

The following is a summary of the status of prior years' recommendations.

FROM YEAR ENDED JUNE 30, 2008 -

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS) ENROLLMENT

Condition

During our audit, we noted that one part-time employee exceeded 1,000 hours during fiscal year 2002. However, based on our review of the Personnel Action Form (PAR) in the part-time employee's personnel file and the CalPERS' online database, the part-time employee was enrolled in CalPERS nine months later. For employees enrolling in CalPERS, the requirement is that they be enrolled once they exceed 1,000 hours in a given fiscal year. However, it appears that the City has the option of not enrolling part-time employees.

Recommendation

It is recommended that Human Resources determine what happened in this instance and that the necessary changes in the payroll and timekeeping system, as well as review the manual payroll controls that compliment the enrollment notification process, are developed to ensure that the CalPERS enrollment process is done timely for eligible employees.

Current Year Status

We performed testing over the participant data file and noted no errors relating to the enrollment dates of the randomly selected participants. Therefore we consider this finding resolved.

FROM YEAR ENDED JUNE 30, 2007 -

INTERNAL SERVICE FUNDS

Condition

Internal service funds are expressly designed to function as *cost-reimbursement devices*. That is, an internal service fund is simply a means of accumulating costs related to a given activity on an accrual basis so that the costs can subsequently be allocated to the benefiting funds in the form of fees and charges. During our audit of the City's financial statements for the period ending June 30, 2007, we noted that the internal service fund does not appear to be recovering the full cost of providing medical insurance benefits to other funds and/or user departments.

We examined, on a test basis, monthly CalPERS invoice billings of health insurance premiums for active participants enrolled in the health care plans offered by CalPERS, the cost of which were expensed in the internal service fund, however, the revenue reported by the internal service funds were consistently less than the related costs of the medical benefits provided. Absent a reconciliation of the enrolled participants in the CalPERS health care plans and the City's internal payroll and Human Resources system, the costs related to the CalPERS invoice billings of health insurance premiums could be permanently stranded in the internal service fund, and therefore, the user departments not being charged their proportionate share of the costs.

CITY OF LODI, CALIFORNIA
Report to Management
Status of Prior Year Recommendations (Continued)
For the Year Ended June 30, 2009

Recommendation

We encourage management and/or authorized employees to perform a monthly reconciliation of the enrolled participants in the health care plans as reported by CalPERS in the monthly health insurance invoice roster detail with the City's internal payroll system and HR records to ensure accuracy and completeness of the roster. This strengthens control and ensures that the costs are properly and timely allocated according to the user department or fund and that City is only being charged for current employees at authorized rates.

Current Year Status

Condition unchanged. Recommendation remains.

Current Year Management Response

Procedures have been developed and will be fully implemented in fiscal year 2009-10.

FROM YEAR ENDED JUNE 30, 2005 -

ENVIRONMENTAL REMEDIATION

Condition

The Governmental Accounting Standards Board (GASB) issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in November 2006. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2007, with measurement of pollution remediation liabilities required at the beginning of that period so that beginning net assets can be restated.

Recommendation

With the City's ongoing environmental contamination remediation issue, we recommend that the City be aware of and review this new future GASB standard and ensure that the City be positioned to implement this standard when it becomes effective.

Current Year Status

GASB Statement No. 49 – *Accounting and Financial Reporting for Pollution Remediation Obligations* has been implemented for the fiscal year ending June 30, 2009. Therefore we consider this finding resolved.

INFORMATION TECHNOLOGY (IT)

Information Technology Administration – Policies and Procedures

Condition

Administrative policies and procedures exist covering certain areas of IT, but lack sections dealing with network security, password protection and configuration, and confidentiality of information.

Recommendation

The City should consider appending the current administrative policies and procedures to include sections pertaining to computer network security, password protection and configuration, and confidentiality of information.

CITY OF LODI, CALIFORNIA
Report to Management
Status of Prior Year Recommendations (Continued)
For the Year Ended June 30, 2009

Current Year Status

A new Electronic Media Acceptable Usage Policy has been adopted for use within the City. A review of the policy found that it does address computer network security, password protection and specific configuration standards, and confidentiality of information. Therefore we consider this finding resolved.

Logical Security – Departing Employees

Condition

There is not an official policy and associated procedures outlining the timely notification of the network and applications managers of a departing employee, contractor or temporary worker. Disabling or removing the accounts of inactive users in a timely manner is essential to inhibit malicious activity on the computer systems.

Recommendation

The City should develop an official policy and procedure to ensure that the network manager and the financial application managers are notified in a timely manner whenever there is a departing employee, contractor or temporary worker with an active user account to the computer systems.

Current Year Status

The City has adopted a policy to ensure that the network manager and the financial application managers are notified in a timely manner whenever there is a departing employee, contractor or temporary worker with an active user account to the computer systems. We noted that the Information Systems (IS) Division conducted an audit of all user accounts to ensure that only current and valid personnel have access. Therefore, we consider this finding resolved.

Logical Security – Access Rights

Condition

There is no policy and procedure to ensure that all system and application access rights are authorized and up-to-date. All users must complete a written application, signed by their supervisor, the respective department head and IS Manager, in order to be issued a user account for the AS400 or any systems hosted by the IBM. The user accounts remain active until revoked. While this addresses the initial issuance of user accounts and their associated authorization level, it does not address the control objective of ensuring that all access rights are up-to-date. Personnel may move between positions wherein the authorizations for those positions are not the same. Currently, reviews only check for obsolete accounts and do not address existing accounts for appropriateness.

Recommendation

The IS Division should establish procedures to periodically review the lists of system and application users to ensure that access rights are authorized and up-to-date. In addition, the process for approving authorization to access the financial application should be reviewed to ensure that only authorized persons are given the proper access to the system. This could include a review of persons by the Director of Finance.

Current Year Status

User lists are periodically reviewed by the IS Division to identify obsolete accounts and user appropriateness. In addition, department heads are annually sent a list of users within their departments and their access rights. The Deputy City Manager is also sent a list for review. A policy has been adopted that formally incorporates procedures to be performed. Therefore, we consider this finding resolved.

CITY OF LODI, CALIFORNIA
Report to Management
Status of Prior Year Recommendations (Continued)
For the Year Ended June 30, 2009

Accounting System Development and Maintenance

Condition

While most procedures for the accounting system development and maintenance are in place, they are not formally documented. Having the policies, procedures and standards formally documented should address any ambiguity in implementation and reliance upon only a few key individuals.

Program changes are not always initiated, tested and approved by the functional users before being applied to the production system.

The IS Division Programmer is not restricted from making changes in the production environment and is also responsible for transporting changes and updates from the test environment to the production system.

Recommendation

Official policies, procedures and standards for the accounting system development and maintenance should be documented and maintained. These policies, procedures and standards should ensure that:

- All new programs and changes are initiated and approved by the appropriate user management.
- The impact of new programs and updates are assessed in a test environment before implementation in the production system.
- Programmers do not have update access to the production system, except for emergency fixes.
- Any emergency fix in the production system is properly logged.
- Program testing is reviewed and approved by someone other than the programmer.
- The process of moving programs into the production system is formal, well documented, and performed by someone independent from programming.

Current Year Status

Condition unchanged. Prior recommendation remains. This is in process of being implemented. The IS Division has drafted a formal change control policy that incorporates procedures and standards as recommended, to ensure program changes applied to major systems follow an appropriate methodology and minimizes the risks associated with the continued operation without the proper change management oversight that include the inadvertent alteration or deletion of financial data or having the financial system unavailable for an extended period of time.

Current Year Management Response

Management agrees. Formal policies covering this recommendation should be implemented during fiscal year 2009-10.

Packaged Accounting Software and Systems Software – Selection Method

Condition

There is not currently a documented system and application software selection method outlined for the City.

CITY OF LODI, CALIFORNIA
Report to Management
Status of Prior Year Recommendations (Continued)
For the Year Ended June 30, 2009

Recommendation

The City should document their system and application software selection processes and ensure that the following areas are addressed:

- Business needs,
- Technical requirements,
- Analysis/comparison of several products
- Implementation issues, including conversion, and
- Cost/benefit analysis

The City should pursue the needs assessment for the new financial and billing system as noted below, but the procedures for system and application acquisition should be documented.

Current Year Status

Condition unchanged. Prior recommendation remains. This is in process of being implemented. Formal policies are in process of development.

Current Year Management Response

Formal policies covering this recommendation should be implemented during fiscal year 2009-10.

Packaged Accounting Software and Systems Software – Test Environment

Condition

The IS Division has implemented a test environment for application software, but not for system software. Update and patches are being applied directly to the production system.

Recommendation

Procedures to test updates to system software should be implemented, either on a separate machine or as a partition with the current AS400, to ensure that updates and upgrades are not applied directly to the production system without proper testing beforehand.

Current Year Status

Condition unchanged. Prior recommendation remains. This is in process of being implemented. The IS Division has drafted a patch management policy documenting the process for applying patches and updates for operating systems and applications that follow the current change control draft policy and procedures.

Current Year Management Response

Management agrees. Formal policies covering this recommendation should be implemented during fiscal year 2009-10.

Computer Operations – Computer Room

Condition

The City has moved the computer room which now has a separate dedicated air conditioning system, Uninterrupted Power Supply (UPS) and generator. The room is secured with standard lock and key controlled by the IS Division staff and facilities maintenance. An intrusion alarm system and temperature and water alarms have been installed and are monitored by a local security company. The room is equipped with a sprinkler system for fire suppression.

CITY OF LODI, CALIFORNIA
Report to Management
Status of Prior Year Recommendations (Continued)
For the Year Ended June 30, 2009

Recommendation

The IS Division should consider replacing the water sprinkler system with a dry fire suppression system. If local building ordinance requires the use of a water based system, the City should consider a dual system with a pre-action type sprinkler.

Current Year Status

Condition unchanged. The City remains at risk of loss of financial data and information technology assets due to water-based fire suppression system in the computer room. The City's actions to mitigate the risk were to implement a disaster preparedness/business continuity plan (see following comment).

Current Year Management Response

The City has determined that the risk to the IT equipment is acceptable given the cost of re-fitting the computer room.

Computer Operations – Disaster Preparedness/Business Continuity Plans

Condition

The City currently has no disaster preparedness or business continuity plans in place.

Recommendation

The City should work to develop a comprehensive disaster preparedness and business continuity plan. The plan, upon completion, should be thoroughly tested and provisions made for periodic reviews of the plan.

Current Year Status

In the process of being implemented. Due to budgetary constraints, the City did not renew its contract with IBM Business Partner to provide disaster recovery services including recovery equipment hosting and priority equipment replacement. The City is now performing its own disaster recovery by doing two nightly backups on tapes and one weekly full backup. One copy of the nightly backup is stored in the IS Division and another copy in the Police Department building. Although best practices recommend that the backup tapes be stored at least 20 miles from the primary data center, the City has no plans to change the secondary storage site. This puts the City at increased risk of losing financial information as the backup tapes are subject to many of the same environmental risks as the primary data center, such as floods, large fires or earthquakes. Additionally, the City's disaster recovery plan has not been fully tested.

Current Year Management Response

Management agrees. The City has received grant money to update certain hardware and software that will allow high level of system and data redundancy and to fully test the plan by December 31, 2010.

Computer Operations – Service Level Agreements

Condition

Service level agreements between the IS Division and the user departments are not in place. Help-desk services are provided, but without documented policies and agreements, an acceptable level of service cannot be properly defined.

CITY OF LODI, CALIFORNIA
Report to Management
Status of Prior Year Recommendations (Continued)
For the Year Ended June 30, 2009

Recommendation

Service level agreements between the user departments and the IS Division should be instituted to define the level of service to be expected.

Current Year Status

In process of being implemented. Prior recommendation remains.

Current Year Management Response

Service level agreements are being drafted and are expected to be completed during fiscal year 2009-10.

Computer Operations – Unauthorized Use of Software

Condition

There are no procedures in place to ensure that there is no unauthorized use of software within the City.

Recommendation

The IS Division should institute official procedures for the review of software installed on computers at least yearly. The City should make efforts to protect itself from the liability of employees using unauthorized software. An alternative to the physical review of installed software is to require administrator privileges on network computers in order to install any software.

Current Year Status

In the process of being implemented. The City has elected the alternative by requiring administrator privileges on network computers in order to install any software. However, the number of users with local administrative rights has increased as a result of the Police Department installing a CAD RMS system in June 2009. The system requires users to have local administrative rights for it to operate properly. Approximately 100 computers in the Police Department have local administrative rights. The IS Division is in the process of developing a way to restrict the local administrative rights on these computers without affecting the system's functionality.

Current Year Management Response

Management agrees. The IS Division is still in the process of restricting local administrative rights on the Police Department computers. As of November 1, 2009, all but five of the Police Department computers have had their local administrative rights restricted. It is expected that all computers will have their local administrative rights restricted by December 31, 2009.

Other Matters

Since 2005, the City has been in various stages of addressing our prior recommendations. Efforts to implement several have been hampered by budgetary constraints and other higher priority undertakings. Overall, of the 10 IT findings and recommendations from our 2005 review that remained last year, three have been implemented and seven are in the process of being implemented. Several of the recommendations in the process of implementation will be completed before the end of fiscal year 2009-2010.

CITY OF LODI, CALIFORNIA
Report to Management
Status of Prior Year Recommendations (Continued)
For the Year Ended June 30, 2009

FROM YEAR ENDED JUNE 30, 2004 -

CAPITAL ASSETS

Condition

During our audit of the City's financial statements for the year ended June 30, 2004, we noted that the acquisition and construction of capital assets is maintained on a spreadsheet, outside of the City's accounting system, which can lead to inaccurate recording and depreciation of capital assets.

Recommendation

We recommend that the City place into operation the JDE fixed asset module that records the City's capital assets and automatically calculates depreciation. The system would support the City's depreciation method and automatically post accumulated depreciation expense to the General Ledger module for a specified accounting period.

The system provides methods to track assets, their beginning cost, current value, and method of depreciation. Some of the advantages include:

1. Flexible Asset Numbering System – an unlimited number of assets can be maintained. The assets can be grouped by many types of categories for reporting purposes.
2. User Defined Asset Control - Accumulated depreciation, depreciation expense and asset master accounts can be user specified for each asset.
3. Reports - variety of reports can be produced including a listing of all assets by type, category and description, method of depreciation, and all other information maintained in the master file. The module could be programmed to also print reports listing assets with original cost and current book value plus calculated depreciation for a specified period.

To reduce operating overhead, the City should consider hiring temporary staff for data entry into the capital assets module.

Current Year Status

Condition unchanged. Prior recommendation remains.

Current Year Management Response

Finance is currently in the initial stage of assessing the magnitude of this project and coordinating with Information Systems Division to evaluate and establish a project plan. As of fiscal year 2008-09 the City does not have the resources to do so.

FEDERAL TRANSIT ADMINISTRATION INDIRECT COSTS

Condition

We noted, during our review of the fiscal year 2003/2004 Federal Transit Administration (FTA) apportionment, that management had originally decided to use the apportionment to cover indirect costs. Per our review of FTA guidelines, grantees who intend to seek FTA reimbursement for indirect costs must prepare a cost allocation plan that has been approved by the FTA or another cognizant Federal agency. Further inquiry determined that the cost allocation plan has not been approved in the prescribed manner.

CITY OF LODI, CALIFORNIA
Report to Management
Status of Prior Year Recommendations (Continued)
For the Year Ended June 30, 2009

Recommendation

We recommend that the City perform a review of all grants and make the determination if indirect costs can be applied against grant funds.

Current Year Status

Condition unchanged. Prior recommendation remains.

Current Year Management Response

The City will be issuing a Request for Proposals in fiscal year 2009-10 to secure consultant services to develop an A-87 compliant cost allocation plan and indirect cost rate and secure cognizant agency approval.

CITY OF LODI

Agreed-Upon Procedures Report for
Gann Appropriations Limit

For the Fiscal Year Ending June 30, 2009



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

City Council
Lodi, California

SACRAMENTO
3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES RELATED TO THE ARTICLE XIII-B
APPROPRIATIONS LIMIT CALCULATION**

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the City of Lodi, California (City) for the fiscal year ending June 30, 2009. These procedures, which were agreed to by the City of Lodi, California and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriation Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City's management is responsible for the Appropriations Limit Worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the City's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet, we added last year's appropriations limit to the annual adjustment amount, and compared the resulting amount to this year's appropriations limit.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet to the worksheets described in No. 1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the City Council.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California
June 26, 2009

**CITY OF LODI
APPROPRIATIONS LIMIT WORKSHEET
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

Appropriation Limit, fiscal year ended June 30, 2008, as adopted	<u>\$72,598,226</u>
Adjustment factors:	
Population factor, for fiscal year ending June 30, 2009, as adopted	1.0068
Inflation factor, for fiscal year ending June 30, 2009, as adopted	<u>1.0429</u>
Annual percentage increase	<u>4.9992%</u>
Annual adjustment	<u>3,629,309</u>
Appropriation limit, fiscal year ending June 30, 2009, as adopted	<u>\$76,227,535</u>



CITY OF LODI

COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt the Following Resolutions to Complete Plans, Specifications, and Bid Documents for the Mokelumne Water Treatment Plant:

- A. Resolution Awarding Professional Services Agreement to Ecologic, Inc., of Rancho Cordova, for Value Engineering Review of Surface Water Treatment Facility and Transmission Project Preliminary Design (\$50,000) and Appropriating Funds
- B. Resolution Awarding Professional Services Agreement to HDR, Inc., of Folsom, for Final Design of Surface Water Treatment Facility and Transmission Project (\$1,737,302), Appropriating Funds (\$2,000,000), and Approving Selection of Pall Membrane Systems

MEETING DATE: December 16, 2009

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt the following resolutions to complete plans, specifications, and bid documents for the Mokelumne Water Treatment Plant:

- A. Resolution awarding a professional services agreement to Ecologic, Inc., of Rancho Cordova, for the value engineering review of the Surface Water Treatment Facility and Transmission Project preliminary design in the amount of \$50,000 and appropriating funds
- B. Resolution awarding a professional services agreement to HDR, Inc., of Folsom, for final design of Surface Water Treatment Facility and Transmission Project (\$1,737,302), appropriating funds (\$2,000,000), and approving selection of Pall Membrane Systems

BACKGROUND INFORMATION: On April 4, 2007, the City Council gave approval for HDR, Inc., to prepare the Surface Water Treatment Facility Conceptual Design and Feasibility Evaluation. On March 13, 2009, the City Council gave approval for HDR, Inc., to prepare the 30 percent preliminary plans and the environmental impact report (mitigated negative declaration). At that time, we felt there was an opportunity to secure American Recovery and Reinvestment Act (ARRA) funding for construction of the plant. We have since learned that our project does not qualify for funding under the ARRA program. The project will soon enter the final design phase leading to the start of construction of the plant, potentially in late 2010.

A series of exhibits (A through E) are attached that provide the Council an overview of the project's 30 percent design. Exhibit A provides a computer-generated picture of the view from Turner Road, looking easterly at the water plant/park entry. The unobstructed view of Lodi Lake will result from removal of the raised embankment and many existing trees for construction of the plant/park entry. Exhibit B provides a plan view of the layout plan for the raw water pump station, raw water pipeline, water treatment plant and entrance from Turner Road. The site encompasses approximately four and one-half acres. Exhibit C provides a computer-generated picture of the view of the water plant facilities from the roadway. An existing grove of trees will substantially screen views of the facilities from Turner Road. Exhibit D provides an architectural rendering of the exterior of the filtration/administration building.

APPROVED: _____
Blair King, City Manager

Adopt the Following Resolutions to Complete Plans, Specifications, and Bid Documents for the Mokelumne Water Treatment Plant:

- A. Resolution Awarding Professional Services Agreement to Ecologic, Inc., of Rancho Cordova, for Value Engineering Review of Surface Water Treatment Facility and Transmission Project Preliminary Design (\$50,000) and Appropriating Funds
- B. Resolution Awarding Professional Services Agreement to HDR, Inc., of Folsom, for Final Design of Surface Water Treatment Facility and Transmission Project (\$1,737,302), Appropriating Funds (\$2,000,000), and Approving Selection of Pall Membrane Systems

December 16, 2009

Page 2

Similar architectural treatments will be included in the chemical handling/maintenance building. Exhibit E presents the alignment of the transmission main and locations for connections to the existing water distribution system. In addition to the improvements depicted in the previous exhibits, each of 25 well sites will be modified to include chlorine injection, chlorine detection, and remote sensing and operations capabilities.

City staff is highly confident in the planning and design experience and qualifications of HDR. However, a surface water treatment plant will be new to the City, and staff believes it is a prudent step to perform a value engineering review of the 30 percent design documents. Objectives of the review include an analysis of plant staffing, treatment processes, equipment, control strategies, building layout, security provisions, constructability and construction cost estimates. HDR recommends this review occurring prior to beginning final construction documents.

The Ecologic team includes specialists in the design and operation of water treatment facilities. Particularly, the team includes the owner/operator of a one-million-gallon-per-day plant and the current operator of the South San Joaquin Irrigation District's 37-million-gallon-per-day South County Water Treatment Plant near Woodward Reservoir. The team's collective experience and numerous advance certifications in the water treatment field well serve the objectives of the review effort.

The scope of services, fee and schedule for the Ecologic agreement is provided as Exhibit F. The estimated cost of these services is estimated to be \$50,000 and charges to the City will be on a time and cost basis. Staff does not expect to perform a similar review of the final construction documents.

The scope of services, fee and schedule for the HDR agreement is provided as Exhibit G. The estimated cost of these services is estimated to be \$1,737,302 and charges to the City will be on a time and cost basis. An important added element of the HDR agreement is development of a preliminary financing plan. Staff anticipates bringing a recommended financing plan to the Council in early 2010. Bid documents are expected to be complete in nine months. The water treatment plant will be constructed under a conventional design/bid/build process and the scope of services reflects this approach. We have determined that pursuing a design/build process does not offer the City a predictable savings in cost or time.

Funding for the HDR and Ecologic contracts plus staff support costs, estimated to be \$2,050,000, will come from the Water Capital Fund. If bond financing were to be used to fund the project, the financing would generate funds to reimburse a portion of the expenditures to date. The total expenditures to date amount to more than \$2,500,000, including alternatives evaluation studies, water plant feasibility study, and preliminary design study.

It is recommended the City Council approve the selection of the Pall Membrane System for the surface water treatment facility based upon the information provided in Exhibit H. In summary, the various membrane systems come in preassembled trains that are connected together at the treatment facility. The Pall Membrane System, when compared to the other most appropriate membrane systems for Lodi, was cost competitive, operates in the preferred outside-in mode, and has superior performance (minimal

Adopt the Following Resolutions to Complete Plans, Specifications, and Bid Documents for the Mokelumne Water Treatment Plant:

- A. Resolution Awarding Professional Services Agreement to Ecologic, Inc., of Rancho Cordova, for Value Engineering Review of Surface Water Treatment Facility and Transmission Project Preliminary Design (\$50,000) and Appropriating Funds
- B. Resolution Awarding Professional Services Agreement to HDR, Inc., of Folsom, for Final Design of Surface Water Treatment Facility and Transmission Project (\$1,737,302), Appropriating Funds (\$2,000,000), and Approving Selection of Pall Membrane Systems

December 16, 2009

Page 3

fiber breakage). In addition, there are several successful operating installations, and the company has a sound reputation.

At the March 18, 2009 meeting, Council also authorized the short-term sale of WID water. Shortly after Council's action, a major precipitation event occurred across the Mokelumne River watershed that basically eliminated the need for additional water supplies in the region for that year. Staff will continue to pursue opportunities for the short-term sale of our water resource.

Failure to approve these recommended resolutions will have consequences. First, \$7.5 million has been expended so far on water purchases, and 42,000 acre-feet of water is banked for future use by the City. However, the option to bank purchased water expires in May 2010 and the requirement to pay \$1.2 million per year to Woodbridge Irrigation District continues. Second, delays in moving the project forward to construction will result in higher construction costs.

FISCAL IMPACT: Potential construction and operations cost savings at future water treatment plant. Use of Water Capital funds for this project is unlikely to affect other capital projects.

FUNDING AVAILABLE: Requested Appropriation: \$2,050,000 – Water Capital Fund (181)

Jordan Ayers
Deputy City Manager/Internal Services Director

F. Wally Sandelin
Public Works Director

FWS/pmf

Attachments



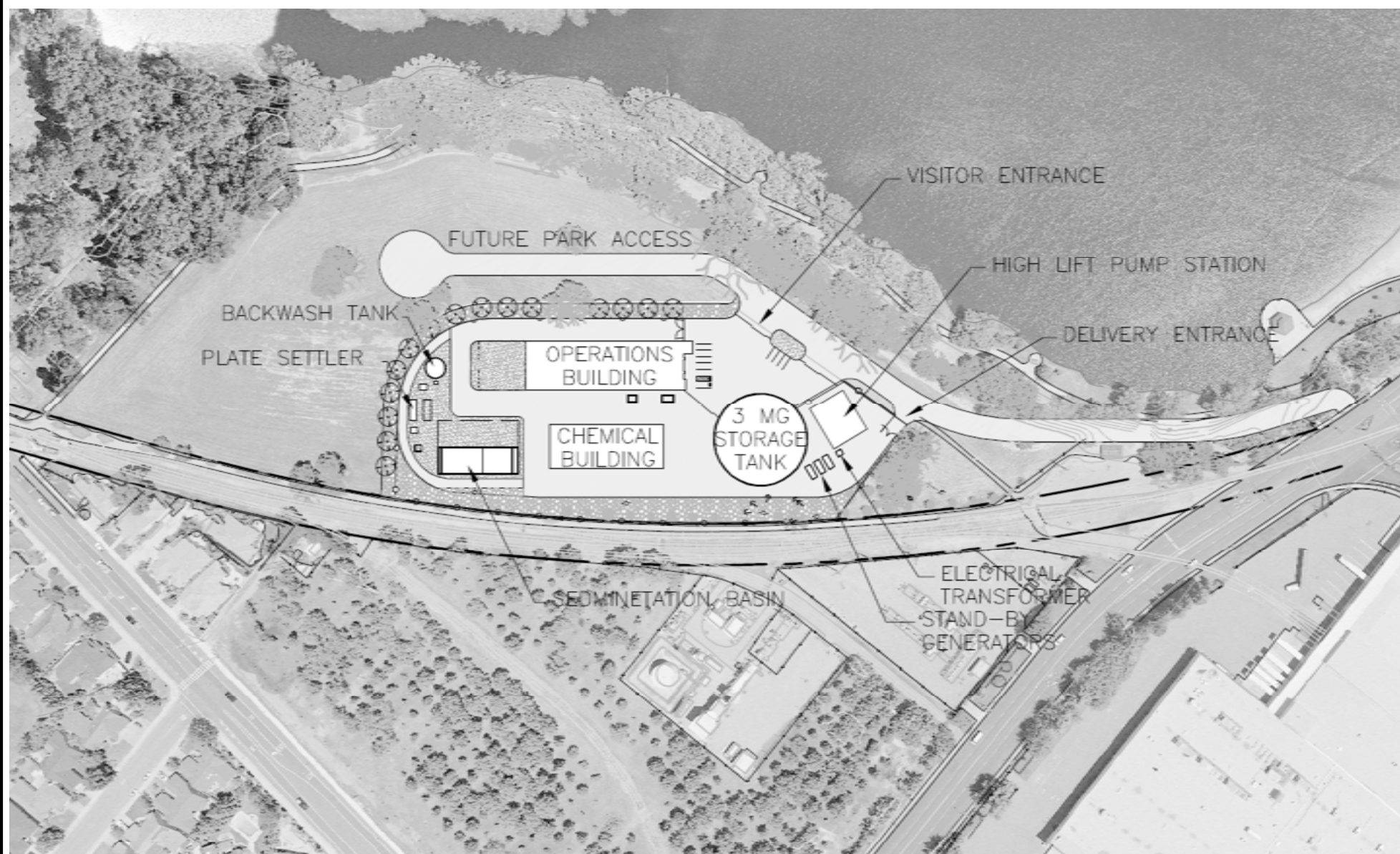






EXHIBIT E



AGREEMENT FOR CONSULTING SERVICES

ARTICLE 1 PARTIES AND PURPOSE

Section 1.1 Parties

THIS AGREEMENT is entered into on _____, by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and ECOLOGIC, INC. (hereinafter "CONSULTANT").

Section 1.2 Purpose

CITY selected the CONSULTANT to provide value engineering review services required in accordance with attached scope of services, Exhibit A.

CITY wishes to enter into an agreement with CONSULTANT for value engineering review of Surface Water Treatment Facility and Transmission Project preliminary design (hereinafter "Project") as set forth in the Scope of Services attached here as Exhibit A.

ARTICLE 2 SCOPE OF SERVICES

Section 2.1 Scope of Services

CONSULTANT, for the benefit and at the direction of CITY, shall perform the scope of services as set forth in Exhibit A, attached and incorporated by this reference.

Section 2.2 Time For Commencement and Completion of Work

CONSULTANT shall commence work within ten (10) days of executing this Agreement, and complete work under this Agreement based on a mutually agreed upon timeline.

CONSULTANT shall not be responsible for delays caused by the failure of CITY staff or agents to provide required data or review documents within the appropriate time frames. The review time by CITY and any other agencies involved in the project shall not be counted against CONSULTANT's contract performance period. Also, any delays due to weather, vandalism, acts of God, etc., shall not be counted. CONSULTANT shall remain in contact with reviewing agencies and make all efforts to review and return all comments.

Section 2.3 Meetings

CONSULTANT shall attend meetings as indicated in the Scope of Services, Exhibit A.

Section 2.4 Staffing

CONSULTANT acknowledges that CITY has relied on CONSULTANT's capabilities and on the qualifications of CONSULTANT's principals and staff as identified in its proposal to CITY. The scope of services shall be performed by CONSULTANT, unless agreed to otherwise by CITY in writing. CITY shall be notified by CONSULTANT of any change of Project Manager and CITY is granted the right of approval of all original, additional and replacement personnel in CITY's sole discretion and shall be notified by CONSULTANT of any changes of CONSULTANT's project staff prior to any change.

CONSULTANT represents that it is prepared to and can perform all services within the scope of services specified in Exhibit A. CONSULTANT represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONSULTANT to practice its profession, and that CONSULTANT shall, at its own cost and expense, keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals.

Section 2.5 Subcontracts

CITY acknowledges that CONSULTANT may subcontract certain portions of the scope of services to subconsultants as specified and identified in Exhibit A. Should any subconsultants be replaced or added after CITY's approval, CITY shall be notified within ten (10) days and said subconsultants shall be subject to CITY's approval prior to initiating any work on the Project. CONSULTANT shall remain fully responsible for the complete and full performance of said services and shall pay all such subconsultants.

ARTICLE 3 **COMPENSATION**

Section 3.1 Compensation

CONSULTANT's compensation for all work under this Agreement shall not exceed the amount of Fee Proposal, attached as a portion of Exhibit A.

CONSULTANT shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

Section 3.2 Method of Payment

CONSULTANT shall submit invoices for completed work on a monthly basis, providing, without limitation, details as to amount of hours, individual performing said work, hourly rate, and indicating to what aspect of the scope of services said work is attributable.

Section 3.3 Costs

The fees shown on Exhibit A include all reimbursable costs required for the performance of the individual work tasks by CONSULTANT and/or subconsultant and references to reimbursable costs located on any fee schedules shall not apply. Payment of additional reimbursable costs considered to be over and above those inherent in the original Scope of Services shall be approved in advance, in writing, by CITY.

CONSULTANT charge rates are attached and incorporated with Exhibit A. The charge rates for CONSULTANT shall remain in effect and unchanged for the duration of the Project unless approved by CITY.

Section 3.4 Auditing

CITY reserves the right to periodically audit all charges made by CONSULTANT to CITY for services under this Agreement. Upon request, CONSULTANT agrees to furnish CITY, or a designated representative, with necessary information and assistance.

CONSULTANT agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONSULTANT agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONSULTANT further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

ARTICLE 4 MISCELLANEOUS PROVISIONS

Section 4.1 Nondiscrimination

In performing services under this Agreement, CONSULTANT shall not discriminate in the employment of its employees or in the engagement of any

subconsultants on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

Section 4.2 Responsibility for Damage

CONSULTANT shall indemnify and save harmless the City of Lodi, the City Council, elected and appointed Boards, Commissions, all officers and employees or agent from any suits, claims or actions brought by any person or persons for or on account of any injuries or damages sustained or arising from the services performed in this Agreement but only to the extent caused by the negligent acts, errors or omissions of the consultant and except those injuries or damages arising out of the active negligence of the City of Lodi or its agents, officers or agents.

Section 4.3 No Personal Liability

Neither the City Council, the City Engineer, nor any other officer or authorized assistant or agent or employee shall be personally responsible for any liability arising under this Agreement.

Section 4.4 Responsibility of CITY

CITY shall not be held responsible for the care or protection of any material or parts of the work prior to final acceptance, except as expressly provided herein.

Section 4.5 Insurance Requirements for CONSULTANT

CONSULTANT shall take out and maintain during the life of this Agreement, insurance coverage as listed below. These insurance policies shall protect CONSULTANT and any subcontractor performing work covered by this Agreement from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from CONSULTANT'S operations under this Agreement, whether such operations be by CONSULTANT or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amount of such insurance shall be as follows:

1. **COMPREHENSIVE GENERAL LIABILITY**

\$1,000,000 Bodily Injury -

Ea. Occurrence/Aggregate

\$1,000,000 Property Damage -

Ea. Occurrence/Aggregate

or

\$1,000,000 Combined Single Limits

2. COMPREHENSIVE AUTOMOBILE LIABILITY

\$1,000,000 Bodily Injury - Ea. Person

\$1,000,000 Bodily Injury - Ea. Occurrence

\$1,000,000 Property Damage - Ea. Occurrence

or

\$1,000,000 Combined Single Limits

NOTE: CONSULTANT agrees and stipulates that any insurance coverage provided to CITY shall provide for a claims period following termination of coverage.

A copy of the certificate of insurance with the following endorsements shall be furnished to CITY:

(a) Additional Named Insured Endorsement

Such insurance as is afforded by this policy shall also apply to the City of Lodi, its elected and appointed Boards, Commissions, Officers, Agents, Employees and Volunteers as additional named insureds insofar as work performed by the insured under written Agreement with CITY. (This endorsement shall be on a form furnished to CITY and shall be included with CONSULTANT'S policies.)

(b) Primary Insurance Endorsement

Such insurance as is afforded by the endorsement for the Additional Insureds shall apply as primary insurance. Any other insurance maintained by the City of Lodi or its officers and employees shall be excess only and not contributing with the insurance afforded by this endorsement.

(c) Severability of Interest Clause

The term "insured" is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limit of the company's liability.

(d) Notice of Cancellation or Change in Coverage Endorsement

This policy may not be canceled by the company without 30 days' prior written notice of such cancellation to the City Attorney, City of Lodi, P.O. Box 3006, Lodi, CA 95241.

(e) CONSULTANT agrees and stipulates that any insurance coverage provided to CITY shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in the

California Tort Claims Act (California Government Code Section 810 et seq.). "Claims made" coverage requiring the insureds to give notice of any potential liability during a time period shorter than that found in the Tort Claims Act shall be unacceptable.

Section 4.6 Worker's Compensation Insurance

CONSULTANT shall take out and maintain during the life of this Agreement, Worker's Compensation Insurance for all of CONSULTANT'S employees employed at the site of the project and, if any work is sublet, CONSULTANT shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the CONSULTANT. In case any class of employees engaged in hazardous work under this Agreement at the site of the project is not protected under the Worker's Compensation Statute, CONSULTANT shall provide and shall cause each subcontractor to provide insurance for the protection of said employees. This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the City Attorney, City of Lodi, P.O. Box 3006, Lodi, CA 95241.

Section 4.7 Attorney's Fees

In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the court.

Section 4.8 Successors and Assigns

CITY and CONSULTANT each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONSULTANT shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

Section 4.9 Notices

Any notice required to be given by the terms of this Agreement shall be deemed to have been given when the same is personally served or sent by certified mail or express or overnight delivery, postage prepaid, addressed to the respective parties as follows:

To CITY: City of Lodi
 F. Wally Sandelin, Public Works Director
 221 West Pine Street
 P.O. Box 3006
 Lodi, CA 95241-1910

To CONSULTANT: Ecologic, Inc.
 Neal Colwell, P.E.
 3520 Brookside Road, Suite 141
 Stockton, CA 95219

Section 4.10 Cooperation of CITY

CITY shall cooperate fully in a timely manner in providing relevant information that it has at its disposal.

Section 4.11 CONSULTANT is Not an Employee of CITY

It is understood that CONSULTANT is not acting hereunder in any manner as an employee of CITY, but solely under this Agreement as an independent contractor.

Section 4.12 Termination

CITY may terminate this Agreement by giving CONSULTANT at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase. Upon termination, CONSULTANT shall be entitled to payment as set forth in the attached Exhibit A to the extent that the work has been performed. Upon termination, CONSULTANT shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from services not completed or for contracts entered into by CONSULTANT with third parties in reliance upon this Agreement.

Section 4.13 Severability

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

Section 4.14 Captions

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent.

Section 4.15 Integration and Modification

This Agreement represents the entire integrated Agreement between CONSULTANT and CITY; supersedes all prior negotiations, representations, or Agreements, whether written or oral, between the parties; and may be amended only by written instrument signed by CONSULTANT and CITY.

Section 4.16 Applicable Law and Venue

This Agreement shall be governed by the laws of the State of California. Venue for any court proceeding brought under this Agreement will be with the San Joaquin County Superior Court.

Section 4.17 Contract Terms Prevail

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

Section 4.18 Authority

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

Section 4.19 Ownership of Documents

All documents, photographs, reports, analyses, audits, computer tapes or cards, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared for this project, shall be deemed the property of CITY. Upon CITY's request, CONSULTANT shall allow CITY to inspect all such documents during regular business hours. Upon termination or completion, all information collected, work product and documents shall be delivered by CONSULTANT to CITY within ten (10) days.

CITY agrees to indemnify, defend and hold CONSULTANT harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were prepared.

IN WITNESS WHEREOF, CITY and CONSULTANT have executed this Agreement as of the date first above written.

CITY OF LODI, a municipal corporation

ATTEST:

By _____
RANDI JOHL
CITY CLERK

By _____
BLAIR KING
CITY MANAGER

APPROVED AS TO FORM:

Dated: _____

By _____
D. STEPHEN SCHWABAUER
CITY ATTORNEY



By: _____

Its: _____

November 20, 2009

Wally Sandelin, P.E.
Director of Public Works
City of Lodi
21 W. Pine Street
Lodi, CA 95240

RE: City of Lodi Surface Water Treatment Facility and Transmission Project - Scope of Work for Review of the Predesign Report and 30% Design Plans

Dear Mr. Sandelin:

ECO:LOGIC Engineering is pleased to provide the City of Lodi with this Scope of Services to provide engineering services for the technical and operational review of the Predesign Report and 30% plans for the Surface Water Treatment Facility and Transmission Project (Project) prepared by HDR, Inc.

The project has multiple components including:

- Raw water pump station and pipeline
- Conventional pretreatment and membrane filtration (including chemical systems and disinfection)
- Finished water storage, pump station, and transmission pipeline
- Well site piping improvements and addition of chlorination

The water treatment plant (WTP) is being designed for an initial phase capacity of 8 million gallons per day (MGD), with a buildout design capacity of 20 MGD. The City is considering pre-purchase of the Pall Microza pressure membrane system for the Project.

Presented below is an introduction to ECO:LOGIC's project team, followed by a detailed scope including the following tasks:

- Task 1 – Project Kickoff Meeting
- Task 2 – Predesign Report Review
- Task 3 – 30% Plan Review
- Task 4 – Design Review Workshops

Project Team

ECO:LOGIC's project team includes specialists from all necessary aspects of the design and operation of a surface water treatment facility. Presented below is the project team, including a brief description of their experience as it relates to this Project. Resumes for the proposed team members are attached for your information.

Project Manager – Neal Colwell, P.E.

Neal has been responsible as design engineer or project manager for numerous water and wastewater projects in the Central Valley. His experience includes design of small filtration systems, granular activated carbon systems, and ion-exchange treatment for nitrate and uranium, and storage and pumping of treated water. Neal has also been heavily involved in master planning, feasibility studies, permitting, and detailed design of water and wastewater systems for public agencies. Neal manages the Stockton office of ECO:LOGIC and, therefore, would be responsible for coordinating the ECO:LOGIC team and monitoring budget and schedule on this project.

Principal in Charge – Gerry LaBudde, P.E.

Gerry has 15 years of engineering experience as project engineer and manager on various projects and will provide QA/QC on this project. Gerry has State of California Grade V certifications in both water treatment and distribution. His experience includes design of water and wastewater treatment facilities, evaluation and design of wastewater collection and water distribution systems, construction management, master planning and start-up of various water/wastewater treatment systems. Additionally, he owns and operates a 1 Mgal/d conventional water treatment plant and oversees the operation of three additional water treatment plants and distribution systems on a contract basis.

Operations Review – Rich Hartman

Richard has over 35 years experience in the water treatment field. His operational and management experience with large water systems along with his expertise in plant start up and membrane technology trouble shooting makes him a valuable asset for any design, build, and operation project. Richard has a California Grade V Treatment Operator Certificate and Grade IV Distribution Operator Certificate.

As Water Operations Supervisor with South San Joaquin Irrigations District, Richard lead the start up/commission of a new membrane filtration surface water treatment plant and four remote pump stations that provide potable water to four wholesale city customers. Rich will bring this recent relevant experience commissioning and operating a new 40 Mgal/d membrane filtration plant.

Operations and Process Review – Mike Wilkin, P.E. (NV)

Mike has over 20 years of experience in water treatment and distribution operations, plus over 9 years experience as an engineer planning and designing water treatment plants, pump stations, wells and associated facilities. Mike has State of Nevada Grade IV certifications in both water treatment and distribution, and his resume includes water facilities planning, surface and ground water resource planning, river diversions and intakes, well production designs, groundwater treatment plant designs, surface water treatment plant designs, design of distribution system improvements, water storage tanks, and reclaimed water pumping and distribution systems.

Process and Regulatory Review – Dave Hunt, P.E.

Dave has over 19 years of experience in water treatment and regulatory compliance. He has extensive knowledge in surface water and groundwater treatment technology studies and water treatment plant designs. These include treatment technology evaluations and design of a uranium water treatment facility, treatment technology evaluations for groundwater treatment of iron, manganese and arsenic, treatment technology evaluation and design of a microfiltration surface water treatment plant, and design of a small diatomaceous earth water treatment facility for Bliss State Park. All of the treatment technology evaluations and treatment plant designs have included extensive coordination with the California Department of Public Health and Nevada State Health Division on the ability to meet existing, new, and pending Safe Drinking Water Act (SDWA) regulations.

Mechanical and Civil Review – Ray Kruth, P.E.

During his 28 years of engineering, Ray has acquired considerable experience in the areas of municipal water and wastewater treatment. His wastewater experience includes facility planning, collection systems, treatment facilities and effluent disposal. Ray's water experience includes facility planning, water treatment, distribution system modeling and design, storage tanks, pumping facilities, well equipping, and rate analysis. He has designed numerous water storage tanks, pump stations, and both new and replacement distribution systems. He has inspected

construction of water mains, pump stations, sanitary sewers, effluent force mains, and water storage tanks, and personally supervised construction and start-up of a private water pressure filtration plant and wastewater treatment facility.

Electrical/Instrumentation and Controls Review – Bill Cassity, P.E.

Bill is a registered Electrical Engineer in California and Nevada with over 17 years of systems integration and electrical engineering experience in the water and wastewater industry. Bill has been responsible for the design of power, instrumentation, and SCADA systems for numerous small and large treatment plant projects. Bill has extensive experience in PLC based SCADA control systems and has a great track record of delivering projects on-time and under budget.

Electrical/Instrumentation and Controls Review – Matt Boring

Matt has over 18 years of experience in electrical system design engineering including complex design of SCADA and electrical systems specific to the water and wastewater industry. He has been responsible for installation and maintenance of various SCADA systems and is experienced in working with contractors during startup and testing of new systems.

Electrical/Instrumentation and Controls Review – Jeremy Pollet, P.E.

Jeremy has 12 years of electrical engineering experience specializing in process controls/ industrial automation, SCADA systems, electrical power engineering, and project management. Jeremy's industrial sector experience includes water and wastewater treatment plants, pipelines, pump stations cogeneration, electric power generation, food processing, oil and gas processing, petrochemical, and refining.

Scope of Services

Task 1 – Project Kickoff Meeting

ECO:LOGIC will hold an initial meeting with the City of Lodi engineering and operations groups to gain a thorough understanding of the City's project goals and objectives, expectations and desired outcomes for the project. This will be an opportunity to meet key team members, and focus our efforts on the issues that are of greatest importance to the City.

Task 2 – Predesign Report Review

HDR, Inc. prepared a Feasibility Report and a series of Technical Memoranda (TM) that make up the Predesign Report for the Project. This includes a set of 21 TMs, and an Executive Summary. ECO:LOGIC will review the Feasibility Report and the following TMs from a technical and operational perspective. It is our understanding that TM 9 Corrosion Control, TM 18 Security, and TM 19 Environmental Compliance and Permitting will not be reviewed as part of this Scope of Work.

- TM 2 – Water Quality and Regulatory Compliance
- TM 3 – Raw Water Pump Station
- TM 4 – Pretreatment and Membrane Systems
- TM 5 – Chemical Systems and Disinfection
- TM 6 – Residuals Handling
- TM 7 – Site Plan
- TM 8 – Plant Hydraulics
- TM 10 – Finished Water Pump Station
- TM 11 – Finished Water Storage Tank
- TM 12 – Finished Water Transmission Main
- TM 13 – Well Modifications
- TM 14 – Architecture (from a process and operational standpoint)
- TM 15 – HVAC and Plumbing (from a process and operational standpoint)
- TM 16 – Electrical Systems
- TM 17 – Instrumentation and Control (SCADA)
- TM 20 – Project Implementation and Construction Sequencing
- TM 21 – Operations and Staffing Plan

During our review of these TMs, we will also review pertinent referenced documents prepared as part of the conceptual design phase.

Task 3 – 30% Plan Review

The WTP Predesign Report includes a Preliminary List of Drawings, and identifies those drawings that will be submitted as part of the 30% submittal. There are 93 drawings anticipated in the 30% package. Based on our current understanding of the project, ECO:LOGIC will focus its review on the following design components:

- General
 - WTP process flow schematic and design criteria

- **Civil**
 - Raw water pump station piping and floor plans
 - WTP processes, piping and floor plans
 - Well piping improvements
- **Architectural** (reviewed only as they relate to process/operational effects)
 - Floor plans and elevations for the raw water pump station, membrane/operations building, and high service pump station/chemical building
- **Process**
 - Raw water pump station piping and floor plans
- **Pall Corporation**
 - Layout plan
 - Overall membrane system P&ID
- **Siemens/Memcor**
 - Layout plan
 - P&ID for all systems
 - Backwash system
 - Treated water tank plan and sections
 - Screw press plan
 - Air compressor room plan
 - Chemical systems area plans
 - Flocculation basin plan
 - Plate settler plan
 - CIP tank plan and sections
 - Well site chemical system plan and sections
- **Electrical**
 - Raw water pump station plan
 - Raw water pump station single-line diagram
 - Operations building electrical single-line diagram – main switchboard

- Pall Corporation single-line diagrams
- US Filter/Memcor single line diagrams, power and lighting electrical site plans, and well site plan and control
- Instrumentation
 - Process and instrumentation diagrams for the raw water pump station, WTP, autostrainer, membrane system, membrane analysis, screw press and conveyor, sludge pump, storage tank, chemical systems, polymer system, softened water system, generator, and well sites

Task 4 –Design Review Workshops

With a thorough understanding of the City's project goals and objectives, and following our review of the proposed process improvements and design criteria, a series of design review workshops will be conducted with appropriate staff from Lodi, HDR and ECO:LOGIC. Based on our current understanding of the project, the following design review workshops are proposed:

- Workshop 1: Process design criteria;
- Workshop 2: Mechanical equipment and layout;
- Workshop 3: Operational considerations and staffing plan;
- Workshop 4: Instrumentation & control strategy.

At least five working days in advance of each workshop, ECO:LOGIC will provide a brief memorandum to HDR and the City, which outlines the specific comments and topics for discussion. Following each workshop, ECO:LOGIC will provide a summary memo and decision log that documents the key decisions and outcomes.

Budget and Schedule

ECO:LOGIC will provide specialists from the appropriate disciplines to provide a thorough review of the design and operational aspects of the proposed surface water treatment facility. Our focus and level of effort will be directed by the City on the issues that are of greatest importance. Based on our understanding of the project, we estimate a level of effort of approximately \$50,000. Our charges would be based on actual time and expenses applied toward the design review, and will not exceed \$50,000 without your prior authorization. Attached is our 2009 Hourly Rate Fee Schedule which we will hold for the duration of this project as anticipated below.

Mr. Wally Sandelin
City of Lodi
November 20, 2009
Page 8

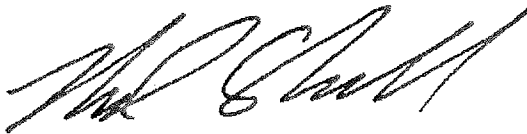
In order to maximize the value of our services, this project will be managed by Neal Colwell from our nearby Stockton office. We are pleased to be able to include substantial local participation on our team. This participation will help reduce the overall cost of these services and will also result in a direct recirculation of City dollars into the Lodi economy, thereby providing a stimulating effect these difficult economic times.

It is anticipated that authorization to proceed with this work will be provided on or around December 16, 2009. We would like to have all pertinent information available for review as soon as possible thereafter. We envision holding the initial project kickoff meeting in early January following the holidays, and completing the four design review workshops by the end of February.

Please contact me at your earliest convenience if you have any questions regarding this proposal. Thank you for the opportunity to serve the City of Lodi on this major undertaking.

Sincerely,

ECO:LOGIC Engineering



Neal Colwell, P.E.
Project Manager

Attachments:

- A - 2009 Rate Schedule
- B - Resumes

Attachment A

2009 Rate Fee Schedule

ECO:LOGIC Engineering
2009 HOURLY RATE FEE SCHEDULE

Labor	Hourly Rate	Labor	Hourly Rate
Engineer/Scientist		Construction Management	
Principal Engineer	\$206.00	Engineer (Various)	Per Above
Managing Engineer	\$197.00	Construction Manager/Inspector V	\$153.00
Supervising Engineer	\$187.00	Construction Manager/Inspector IV	\$139.00
Senior Engineer	\$178.00	Inspector III	\$118.00
Associate Engineer II	\$163.00	Inspector II	\$105.00
Associate Engineer I	\$151.00	Inspector I	\$95.00
Engineer	\$141.00		
Assistant Engineer II	\$127.00	Finance	
Assistant Engineer I	\$117.00	Senior Finance Specialist	\$179.00
Junior Engineer	\$104.00	Finance Specialist	\$116.00
Environmental Compliance Manager	\$187.00		
Chief Hydrogeologist	\$165.00	Technical	
Senior Hydrogeologist	\$151.00	Supervising Designer	\$129.00
Staff Hydrogeologist II	\$137.00	Senior Designer	\$121.00
Staff Hydrogeologist I	\$103.00	Designer III	\$110.00
Water Quality Scientist	\$163.00	Designer II	\$100.00
Biologist	\$138.00	Designer I	\$88.00
Soils Scientist	\$110.00	Graphics Specialist	\$95.00
Environmental Specialist	\$82.00	GIS Specialist	\$118.00
		Engineering Technician III	\$95.00
Electrical Engineering		Engineering Technician II	\$78.00
Senior Electrical Engineer	\$179.00	Engineering Technician I	\$66.00
Associate Electrical Engineer I	\$153.00	Engineering Intern	\$56.00
Electrical Engineer	\$143.00	Data Management Specialist	\$84.00
Assistant Electrical Engineer	\$127.00		
Junior Electrical Engineer	\$105.00	Administrative	
Sr. Field/SCADA Technician	\$151.00	Principal	\$215.00
Sr. SCADA Programmer	\$151.00	Administrative Assistant II	\$77.00
Asst SCADA/PLC Programmer	\$127.00	Administrative Assistant I	\$70.00
Operations			
Project Manager II	\$160.00		
Senior Operations Specialist	\$155.00		
Project Manager I	\$130.00		
Operations Specialist	\$130.00		
Chief Plant Operator II	\$140.00		
Chief Plant Operator I	\$105.00		
Senior Operator	\$100.00		
Maintenance Supervisor	\$105.00		
Operator II	\$85.00		
Operator	\$80.00		
Operator I	\$60.00		
Lab Director	\$95.00		
Maintenance Mechanic	\$80.00		
Lab Analyst	\$78.00		
Operations Administrative Assistant	\$74.00		
		OTHER EXPENSES	RATE/AMOUNT
		Vehicle Mileage	\$0.55/mile
		CADD Equipment	\$15.00/hour
		Outside Services (Subconsultants)	Cost plus 10%
		Reproductions	Cost plus 10%
		<i>Note: Hourly billing rates will be updated annually by ECO:LOGIC and the revised fees will be in effect as of January 1st of each year. The revised rates will be provided at the client's request.</i>	

Attachment B

Project Team Resumes

Neal T. Colwell, P.E.

Project Manager

Professional Registration

Civil Engineer No. 59437,
California, July 1999

Civil Engineer No. 014565,
Nevada, October 2000

Professional Engineer No. 62843
P.E., Oregon, Jan. 2000

Professional Engineer No. 500891,
Utah, December 1999

Water Treatment Plant Operator
Grade 1, California

Education

M.S., Civil Engineering, Oregon
State University, Corvallis, 1999

B.S., Civil Engineering, University
of California, Berkeley, 1993

B.A., Environmental Studies,
University of California, Santa
Cruz, 1993

Professional Affiliations

Water Environment Federation,
Active Member Since 1996

American Water Works
Association, Member Since 1996

American Society of Civil
Engineers, Associate Member,
Since 1997

Publications

Reviewer, *Existing Sewer Evaluation
and Rehabilitation, Third Ed.*, Water
Environment Federation, 2009

Mr. Colwell joined ECO:LOGIC in 1997 following three years in Ecuador working with the United States Peace Corps and the Ecuadorian Foundation "EQ" where he served as Project Engineer. Before returning to school for graduate studies, he assisted in the design and planning of water treatment facilities, wastewater collection and transmission facilities and wastewater treatment facilities.

Since 2002, Mr. Colwell has managed the Stockton office of ECO:LOGIC and is working on numerous water, wastewater and groundwater projects for clients within the San Joaquin Valley and Sierra Nevada Foothills.

Project Experience

Water Facilities Planning and Design

Lodi Flying J. Project Manager for the Lodi Flying J Well No. 3 Nitrate Treatment System Site Improvements. Detailed design documents were prepared to accommodate the use of ion-exchange for nitrate reduction at this site. Our work included permitting assistance, startup, and preparation of an operation plan to meet the requirements of the local Environmental Health Department.

Prepared the preliminary design report for the Storage tank and booster pump station for Flying J, Lodi. This project consisted of preliminary design for a complex piping and control scheme to maintain refreshed water in an essentially "off-line" storage tank necessary to meet peak demands and fire flow requirements.

Following startup of the nitrate treatment system, an evaluation of the system for removing uranium was necessary. A monitoring program was developed to demonstrate uranium removal and document system performance for permit modification. Disposal of spent regeneration brine was a critical component of this evaluation.

Zone 7 Water Agency. Lead designer for the Zone 7 Water Agency Chain of Lakes Wells No. 1 and 2. Prepared detailed specifications for implementing a drilling program in this difficult setting. Project entailed two 18-in diameter municipal production wells using HSLA and 304 Stainless Steel well casing and screen to depths of 650 feet. Final well production ranged from 2,500 gpm to 3,500 gpm.

Amador County Water Agency. Assisted in the design/build of the Tanner Water Treatment Plant expansion for the Amador County Water Agency within very strict budgetary constraints.

Calaveras County Water District. Prepared the Copper Cove Water System Master Plan Update for the Calaveras County Water District, including updating the requirements for raw water facilities, treatment facilities and distribution and storage.

Prepared the follow-up phasing plan for the Copper Cove Water System Master Plan Update for the Calaveras County Water District including revised development schedules and projected capital improvement cash flow requirements.

Mountain House Community Services District. Assisted the preliminary design and final constructability-biddability review of the new Mountain House Water Treatment Plant.

Engineering Administration

District Engineer for Bear Valley Water District since 2001. Assisting the Water District with complex regulatory issues regarding wastewater disposal in the High Sierra including permitting of land disposal facilities and seasonal NPDES discharge.

Acting District Engineer for Calaveras County Water District during 2001. Responsible for engineering issues related to permitting, design, management and regulatory compliance of 5 water systems and 12 wastewater systems.

Project Manager for the Delhi County Water District for their proposed wastewater treatment facilities expansion to 2.4 Mgal/d. As Project Manager responsible for managing several engineering and environmental consultants, coordinating with agency committees and Board and managing project schedule.

Wastewater Facilities Design and Construction Management

Bear Valley Water District. Project manager and lead designer for the Bear Valley Water District outfall and outfall pipeline, including flow control and monitoring equipment necessary to meet permit requirements.

City of Rio Vista. Served as resident engineer/construction inspector on the City of Rio Vista WWTP Expansion.

City of Ceres. Reviewed the City designed new sewer trunk main and prepared a preliminary design report for headworks improvements to accommodate flows up to 17.3 Mgal/d from new sewer trunk main for the City of Ceres.

Managed and designed the City of Ceres WWTP expansion, including increased headworks capacity and odor control facilities, and increased treatment capacity using additional aeration and increased pond kinetics.

Lead designer of an effluent pump station for the City of Ceres capable of pumping initially 1.0 MGD and ultimately 5.9 MGD of secondary treated wastewater to the City of Turlock through a 13 mile long force main.

Gerry O. LaBudde, P.E.

Principal-In-Charge

Professional Registration

Civil Engineer No. 55767
California

Water Treatment Plant Operator
Grade 4, California

General Engineering Contractor
No. 772955

Education

M.S., Environmental Engineering,
University of California, Davis

B.S., Civil/Environmental
Engineering,
California Polytechnic State
University, San Luis Obispo

Mr. LaBudde has 15 years of engineering experience as project engineer and manager on various projects. His experience includes design of water and wastewater treatment facilities, evaluation and design wastewater collection and water distribution systems, construction management, master planning and start-up of various water/wastewater treatment systems. Additionally, he owns and operates a 1 Mgal/day conventional water treatment plant and oversees the operation of three additional water treatment plants and distribution systems on a contract operations basis. As part of the water treatment business he also performs general engineering contracting, including underground and small mechanical jobs.

Project Experience

Water Treatment

Dublin San Ramon Services District Fluoride Refurbishment Project. Project Engineer. The project included complete refurbishment of three fluoride storage/feed systems and water quality monitoring systems at three separate turnouts where the District purchased and diverted water from Zone 7.

City of Lincoln/Nevada Irrigation District Water Treatment Plant Siting Study. Project Engineer. Project included development of water demands within potential service area, estimation of the overall water demand reduction as agricultural land converted to municipal development, identified 13 potential sites for treatment plants including raw/treated storage, treatment facilities, and distribution system alignments to the City of Lincoln. Identified the preferred site, which was accepted by both the City and District.

Northstar Community Services District 1 MGD Water Treatment Plant Design. Project Engineer. Project includes retrofitting existing treatment plant to replace existing sand filters with membrane unit including various other improvements including chemical feed and residual handling.

Zone 7 Well Chloramination System Project. Project Engineer. Predesign and design of wells and centralized treatment system for the addition of chlorine and ammonia.

Mountain House Water Treatment Plant. Project Engineer for the preliminary and detailed design of the Mountain House Water Treatment Plant, which included two Trident treatment units with a capacity of 3 MGD each, and two welded steel storage tanks, each with a capacity of 4.5 MG.

Water Master Plans for the cities of Lockeford, Live Oak, Foresthill, Escalon, Christian Valley and Newman. Project Engineer for numerous water master plans for various communities including, Lockeford, Live Oak, Foresthill, Escalon, Christian Valley and Newman. Systems include groundwater wells and surface water treatment plants including conjunctive use systems.

Angels Camp Water Treatment Plant Expansion. Project Engineer for the expansion of the Angels Camp Water Treatment Plant including a new pressure filter, rehabilitation of an existing filter, new headworks, and a 2.5 MG welded steel storage tank.

Sierra Lakes County Water District Water Storage Tank. Project Engineer for the detailed design of the Sierra Lakes County Water District Water Storage Tank, which included a new booster pumping station and a 0.5 MG welded steel storage tanks.

Mustang Valley Mutual Water Company System. Performed hydraulic modeling analysis of irrigation distribution system to determine cause(s) of low pressure in the Mustang Valley Mutual Water Company System. Analysis provided recommendations to alleviate problem and further expand the system.

Hidden Valley Water System. Provided evaluation of the Hidden Valley Water System including review of Contractor submittal to rehabilitate pump station, provided hydraulic model assessment of distribution system, prioritized distribution and pumping system improvements and provided operational input to improve system efficiency.

Micke Grove Regional Park Feasibility Analysis. Performed feasibility analysis to evaluate treatment alternatives for DBCP removal versus an alternative water supply from the City of Lodi. Currently preparing contract documents for interim well head treatment system.

Master Planning

City of Williams Facility Plan. Developed a facility plan for the City of Williams considering new discharge regulations including the California Toxics Rule, DOHS requirements and nutrients. Evaluated the cost and reliability of several options including continuation of surface water discharge, construction of pipeline to discharge to an alternative receiving water and conversion to land discharge.

Lockeford CSD Water Master Plan. Prepared Water Master Plan for the Lockeford CSD. Evaluation included an alternative analysis of installation of additional wells or versus provision of storage, projection of future flows, distribution system improvements and development of annexation and connection charges.

Regional Water Quality Control Board, San Luis Obispo. Performed non-point source study to determine sources of total and fecal coliform affecting the Santa Barbara Channel while working at the Regional Water Quality Control Board, San Luis Obispo.

Richard Hartman

Senior Operator

Professional Registration

Grade V Treatment Operator
Certificate, #4967

Grade IV Distribution Operator
Certificate, #17804

Education/Certification

Certificate Water Treatment
Technologies

A.A., General Science

Currently taking courses at
California State University,
Sacramento to satisfy CEU
requirements

Professional Affiliation

American Water Works
Association

Mid Valley Water Association

Southwest Membrane Association

Richard retired in 2003 from City & County of San Francisco after 30 years continuous employment in the Water Treatment Industry. In 2003, he accepted seasonal part-time employment with CA Department Fish & Game; duties consisted of biological studies of Chinook Salmon and water quality data collection in the Central Valley Delta. In 2005, Richard left CA Fish & Game.

In February 2005, Richard accepted a permanent position as Water Operations Supervisor with South San Joaquin Irrigations District to start up/commission new membrane filtration surface water treatment plant and four remote pump stations that provide potable water to four wholesale city customers.

Richard has over 35 years experience in the water treatment field. His operational and management experience with large water systems along with his expertise in plant start up and membrane technology trouble shooting makes him a valuable asset for any design, build, and operation project.

Project Experience

South San Joaquin Irrigations District. (2005-2010 – Retiring in 2010) Water Operations Supervisor for South San Joaquin Irrigations District; responsible for operations, maintenance, regular reporting for 37 mgd surface water, DAF/ ultra-filtration treatment plant + 38 miles transmission pipeline and 4 turnout pump stations.

Worked with B& V Engineer to complete construction, start up, testing and commissioning of all facilities. Plant was commissioned in July, 2005. Actively involved with developing treatment methodology to minimize affects of recycling citric acid waste and rate of fouling on membrane fibers; sludge handling and disposal, high dose recovery clean protocol, standard operations procedures, and hiring and training new operators.

Directly supervised 10 operators and 2 general laborers. Acting Plant Manager in his absence. Assist plant manager in budget preparation, monthly cost analysis and usage reports, DHS reports, lab reporting, monitoring and purchasing.

In 2007, Richard worked with B&V Engineer to finalize design and detail for a \$1.5 million optimization project, which encompasses chemical feed, mechanical, electrical and computer programming to optimize operation and design issues.

City and Council of San Francisco Department.

Supervisor EBFF – T5 DHS/ D2 DHS (1995 – 2003).

Water Supply & Treatment Division, Sunol. Responsible for supervising 5 employees in operation-maintenance repair of HH disinfection facility, 160 mgd San Antonio P. Station, Emergency Inter-tie P. Station, Sunol filtration P. Station, Pleasanton Well Field/Castlewood Reservoir, Town of Sunol P. Station Storage Tanks, 5 WQ monitoring/reporting stations.

Assistant Superintendant, Water Treatment Facilities T5 DHS.

Responsible for EBFF & Sunol facilities in Tracy, Sunol, Pleasanton, and Irvington. Primary responsibility to deliver potable water to 2 million customers, 22 cities.

Chief Stationary Engineer Sunol Water Treatment Plant (1990 – 1995). T5 DHS. Directly supervised 3 shift supervisors, 11 water plant operators and various trades. Pro-active in developing Haz Mat Business Plan, reduction in THM treatment methods utilizing potassium permanganate, direct filtration methodology to reduce sludge production, completed plant upgrade construction project improving reliability.

Senior Station Engineer, Sunol WTP/EBFF (1984-1990). T4 DHS
Major responsibilities: to ensure safe and reliable delivery of potable water, safety training of all personnel, maintenance/repair of equipment and water quality online instruments, operate SCADA system to maintain operation parameters, purchase supplies and materials. Operate and maintain Pleasanton Well field facilities.

Station Engineer, Sunol WTP (1979 – 1984) T3 DHS

Assigned Water Plant Operator with responsibilities including, operating chemical metering pumps, utility water pumps, remotely operate large raw water supply pumps, calculate chemical dosages, monitor transmission system, operate sludge removal system, wash dual media filters, mix chemicals, operate and maintain chlorine feed system, complete plant reports.

Alameda County Zone 7 (1976 – 1979). Water Plant Operator T3 DHS
Operated various chemical metering systems to optimize coagulation, sedimentation, filtration and disinfection. Wash dual media filters, calculate dosages, operate sludge removal systems, operate gas chlorine system, monitor transmission system, complete reports.

City of Pleasanton (1974 – 1976).

General Laborer T1 DHS. Assigned to Water Department. Assisted journey level maintenance personnel in operation of several Well field facilities; pumps, chlorine and fluoridation chemical systems, storage tanks. Assisted in repairs of pipelines, service connections, fire hydrants.

Michael Wilkin, P.E.

Senior Engineer

Education

B.S., Environmental
Engineering, University of
Nevada, Reno

Registration

Civil Engineer, No. 17270,
Nevada

Water Treatment Operator,
Grade 4, No. 217

Water Distribution Operator,
Grade 4, No 828

Mike has 8 years of experience as a senior engineer with ECO:LOGIC and has 28 years of experience in the operation, maintenance, planning, and design of water distribution and treatment facilities. Mike has State of Nevada Grade IV certifications in both water treatment and distribution, and his resume includes water facilities planning, surface and ground water resource planning, river diversions and intakes, well production designs, groundwater treatment plant designs, surface water treatment plant designs, design of distribution system improvements, water storage tanks, and reclaimed water pumping and distribution systems. Mike has 20 years of water treatment and distribution systems operations experience, including 10 years operations supervision and 5 years of maintenance supervision of two surface water treatment plants, 27 production wells with a combined production capability of over 150 Mgal/d, and a distribution system with more than 200 remote facilities, 98 pump stations, 30 pressure zones, and 25 water storage tanks. Mike has 5 years of maintenance management experience; including project manager for a SCADA system installation upgrade, and a Computerized Maintenance Management System (CMMS) installation for the Water Production Department. He has participated in a variety of design projects, including a new 70 Mgal/d surface water treatment plant design, construction, and startup, plus upgrades to an existing 37.5 Mgal/d surface water treatment plant to meet current SDWA regulations, installations, including the construction and startup of three PCE well remediation facilities.

Project Experience

ECO:LOGIC Project Manager for the Shasta River Grenada Irrigation District Intake and Pump Station Replacement Project. ECO:LOGIC is a sub consultant to NHC on this project, and is providing the structural, civil, and mechanical design for a new 40 CFS intake and pump station for the irrigation district that meets current fish passage and screening criteria.

Project Manager for the City of Galt Arsenic Treatment Project. Project Manager for the design of 10 MGD retrofit arsenic treatment project that included four well sites for the City of Galt, California. The project includes arsenic treatment piloting, retrofit facility design for arsenic treatment and CM for installation.

Project Manager for the Glendale Water Supply Improvement Project. Design to provide 60 CFS of supply capacity to the Glendale Water Treatment Plant (ongoing project). As the leader of this team, Mike was instrumental in defining the site selection and design criteria for this replacement river diversion including civil design, hydraulic modeling, and fish screening issues, to ensure meeting. This project involves removal of an existing rubble and concrete diversion dam on the Truckee River, and

replacement with a new rock grade control structure. The project required extensive hydraulic modeling.

Project Manger for the Sierra Pacific Power Company Tracy Power Plant Design Build RO WTP. This design build WTP project was in conjunction with KG Walters Construction Company, and included membrane Microfiltration and reverse osmosis of 500 GPM to provide boiler feed water from a high TDS groundwater well.

Design Engineer for the Northstar Community Services District. ECO:LOGIC Project Design Engineer for the installation of a 700 GPM membrane treatment plant retrofit for the Northstar Community Services District, California.

Project Manager for the Sparks Water Resource Plan. Project Manager for the Truckee Meadows Water Authority Sparks Resource Plan. Plans include evaluation of surface and groundwater resources, groundwater treatment requirements and alternatives, alternative treatment plant locations, distribution system improvements, estimated capital and O&M costs. This project included arsenic pilot treatment for five groundwater wells.

Project Engineer for TMWA Arsenic Compliance Plan – Reno, NV. The Arsenic Compliance Plan included evaluation of the best available arsenic treatment technologies, combined with onsite or regional treatment facilities. The regional treatment facility plans including identifying treatment sites, required treatment technologies, distribution pipeline alignment, and capital costs associated with each alternative.

Project Engineer for TMWA Water Resource / Facility Plan – Reno, NV. Detailed analysis of TMWA's water production capabilities in both drought and non-drought situations were performed to provide TMWA with a resource facility plan that allows for maximum groundwater production during periods of diminished surface water supply, and maximum surface water production with scheduled conservation of groundwater resources during periods of adequate surface water supply.

National Avenue Water Treatment Plant Improvement Project – Tahoe Vista, CA. Project engineer and construction management team member for the National Avenue Water Treatment Plant Improvement Project. The project consisted of converting an existing Lake Tahoe pump station to a 25 micron screened, UV disinfection facility. This facility is the first potable water UV installation in the country.

Tonopah Public Utilities Water Distribution Improvements – Washoe County, NV. Project design team member for the Tonopah Public Utilities Water Distribution Improvements that included modeling and design of four new water tanks, 10,000 feet of new potable water lines, and installation of a new radio telemetry SCADA system.

Glendale Water Treatment Plant. Design and operations / construction / startup coordinator for the installation of the Glendale WTP solids handling and filter upgrade project. Also responsible for the installation of the SCADA system upgrade.

David T. Hunt, P.E.

Senior Engineer

Education

M.S., Environmental Engineering,
California State University, Long
Beach

B.S., Civil Engineering, California
State University, Long Beach

Registration

Civil Engineer No. 11341, Nevada

Civil Engineer No. 71254, Calif.

Mr. Hunt has over 19 years of public water system experience in Nevada and California, including more than 9 years as a senior engineer and project manager for ECO:LOGIC Engineering. Past responsibilities include overseeing the Surface Water Treatment Rule for the Nevada State Health Division, and assisting utilities with compliance requirements. Project experience includes research, analysis and design of water treatment facilities and process improvements; start-up, troubleshooting and treatment process optimization.

Project Experience

Truckee Meadows Water North Virginia Pipeline Project. Project Manager and Engineer for the planning and design of more than 30,000 linear feet of large diameter water main for the Truckee Meadows Water Authority North Virginia Pipeline Project. This project included extensive permitting and multiple contracts for the procurement of materials and installation of the pipeline and appurtenances.

Northstar Community Services District Pump Station and Pipeline Project. Project Manager and Engineer for the Northstar Community Services District Pump Station and Pipeline Project which 1,500 gpm pump station and approximately 3,000 feet of suction piping to the pump station and another 1,000 feet of discharge piping to the District's Reservoir D water storage tank along Northstar Drive.

Northstar Community Services District Water Treatment Facility. Project Manager and Engineer for the Northstar Community Services District Water Treatment Facility Upgrade Project which included the planning and design to retrofit an existing gravity filtration system with membrane filtration.

Truckee Meadows Water Authority Arsenic Compliance Plan. Project Engineer for Truckee Meadows Water Authority Arsenic Compliance Plan including regulatory negotiations with local, state, and federal EPA.

Squaw Valley Public Service District (SVPSD). Project Manager for the preparation of water master plan for the Squaw Valley Public Service District (SVPSD), which included preparation of a water distribution system model.

Squaw Valley Public Service District (SVPSD). Project Manager for the design of two water supply wells for the SVPSD, including preparation of CEQA mitigated negative declaration.

Squaw Valley Public Service District (SVPSD). Project Manager for the design of civil improvements for the new SVPSD Fire Station and Administration Building, including CEQA documentation, SWPPP, drainage improvements, and grading plan.

Squaw Valley Public Service District (SVPSD). Project Manager for the design and construction of 1,500 feet of 12-inch waterline along Squaw Valley Road.

Death Valley National Park. Project Manager for potable and non-potable water system analysis at Death Valley National Park for Xanterra Parks & Resorts.

Town of Gerlach. Project Manager for the design of a uranium water treatment facility using ion exchange for the Town of Gerlach. This project included environmental negotiations with the BLM regarding waste disposal options.

Town of Gerlach. Project Manager for design and construction of water meter installation for the Town of Gerlach.

Town of Gerlach. Prepared Treatment Technology Evaluation for Gerlach General Improvement District for uranium removal from their drinking water supply.

North Valley Facility Plan. Provided water distribution system analysis for the North Valley Facility Plan to determine facility and operational requirements to meet the potable water demands of existing and future customers in the Stead/North Valley area.

Glenbrook Water Cooperative Waterline Replacement Project. Project Engineer and Manager for Glenbrook Water Cooperative Waterline Replacement Project, involving replacement of approximately 1,100 LF of water line through NDOT right-of-way.

South Truckee Meadows Water Supply. Developed build-out water demands for the South Truckee Meadows Water Supply, Wastewater and Stormwater Facility Plan.

Squaw Creek Embankment Reinforcement Project. Project Manager for Squaw Creek Embankment Reinforcement Project, which included fast-track permitting through California Regional Water Quality Control Board, California Department of Fish and Game, and U.S. Army Corps of Engineers for the construction of a 20' high rockery wall to stabilize a portion of the bank of Squaw Creek.

Raymond C. Kruth, P.E.

Senior Engineer

Education

B.S., Chemical Engineering,
University of California, Berkeley

Registration

Civil Engineer No. C31861,
California

Civil Engineer No. CE 6233,
Nevada

Civil Engineer No. 25197, Arizona

Mr. Kruth has acquired considerable experience in the areas of municipal water and wastewater treatment. His wastewater experience includes facility planning, collection systems, treatment facilities and effluent disposal. Water experience includes facility planning, distribution system modeling and design, storage tanks, well equipping, rate analysis. He has designed a number of AWWA water storage tanks and both new and replacement distribution systems. His wastewater tasks have included design of sewage collection systems, sewage pump stations, odor control systems, and wastewater treatment systems. He has inspected construction of water mains, sanitary sewers, effluent force mains, and water storage tanks, and personally supervised construction and start-up of a private water pressure filtration plant and wastewater treatment facility. Most of his projects involved Federal or State agency funding, and Ray is very familiar with the requirements of the Rural Development, CDBG, AB198, and State Revolving Loan Fund, EDA and other funding agencies.

Project Experience

Town of Tonopah Water System Improvements. Project Manager for the Town of Tonopah water system improvements, including 20,000 LF of water line, telemetry, three new storage tanks, and recoating of five additional tanks. Funding is provided by AB198 and Rural Development.

South Truckee Meadows General Improvement District (STMGID). Design engineer for the STMGID Wells 1 & 2 Aquifer Storage and Recovery project south of Reno, NV.

Project Manager for the Wastewater Collection and Treatment Project, East Quincy, California. Design and construction administration of 110,000 lf of sewer collection system, three pump stations and a new wastewater treatment facility. The project total was \$9.13 million.

City of Loyalton. Project manager for the City of Loyalton wastewater treatment facility, which is involved in performance evaluation and litigation with the design engineer. Issues involve effluent disposal, surface water discharge conditions, and treatment evaluation.

Reno/Sparks Water Reclamation Facility and South Truckee Meadows Water Reclamation Facility. Prepared the majority of the effluent distribution system analysis for the Regional Water Reclamation Facility Study for the Reno/Sparks WRF and the South Truckee Meadows WRF.

Rio Vista Airport Improvement Project. Project Manger for the 1999 Rio Vista, CA airport improvement project, consisting of water, wastewater, taxiway and industrial park improvements. Funding included FAA, CALTRANS Acronautical, EDA, and EDBG grants.

Kingsbury General Improvement District. Project Design Engineer and Manager for the Kingsbury G.I.D. Station 2 Tank Replacement, involving demolition and replacement of a 400,000 gallon water storage tank at Station 2.

Jackpot Water Modeling. Project Manager for the Jackpot Water Modeling, Elko County, Nevada. Prepared a Cybernet water model and calibration and results analysis for a system involving five wells and three water storage tanks.

Douglas County Mountain View Water System. Project Manager for the Douglas County Mountain View Water System, Douglas County, Nevada. Prepared a preliminary engineering report and design of water system improvements to include 15,000 lf water line, 1.5 million gallon water tank, and 1,000 gpm booster pumps station.

Kingsbury General Improvement District. Prepared design and administered construction of a new 500,000 gallon welded steel water storage tank for the Kingsbury General Improvement District, Stateline, Nevada.

Kingsbury General Improvement District Lake Pump Station. Preliminary engineering, design and construction of a large 4,000 gpm pump station at lake level including a 25" intake line, vertical turbine pumps, building and electrical controls for the Kingsbury General Improvement District Lake Pump Station, Stateline, Nevada.

Fallon, Nevada Wastewater Facilities. Designed two raw sewage pump stations; and 8,000 lf of 8" to 24" sewer interceptors for the Wastewater Facilities in Fallon, Nevada. Pump station capacities vary from 1,000 to 8,000 gpm.

Wells, Nevada Sewer Collection System. Preliminary engineering, design and construction administration of several thousand feet of 10" sewer collection system, water line replacement and storm drainage collection system for Wells, Nevada. Preparation of a wastewater facility plan for the treatment of wastewater and development of a master plan for major interceptors and pump stations for Fallon, Nevada.

Wells, Nevada. Design of distribution piping, water storage, new well, pumphouse, pumping equipment, rehabilitated existing pumping facility, telemetry, and water meters in Wells, Nevada. The total project cost was \$1.9 million, and was funded by FmHA and EDA.

William P. Cassity, P.E.

Electrical Engineer

Education

B.S., Electrical and Electronic Engineering, California State University, Sacramento, CA.
Graduated Magna cum Laude

Registration

State of California Professional Engineer – Electrical No. 17132

State of Nevada Professional Engineer – Electrical No. 15775

State of California Electrical Contractor RME

C-10 License No. 917327

William is a knowledgeable, energetic and focused Professional Electrical Engineer with 15 years experience in control systems integration and operations management. His major strengths include project design planning, initiation and management. Also skilled in budgeting, teambuilding, programming and accessing/ managing risk. Extensive experience in PLC based SCADA control systems. William has a great track record of delivering projects on-time and under budget with satisfied customers.

Project Experience

Electrical Design Projects

City of Reno Stead WWRF Upgrade. Provided Electrical Design for major plant upgrade including new 24.5KV feed and 4160V switchgear to feed new and existing electrical system. The Modicon Quantum based SCADA control system was enhanced and extended in support of the plant upgrades.

City of Reno Stead Solids Pump Station. Provided Electrical Design for solids pump station and pipeline as well as adding in new PLCs to existing SCADA system.

PCWA Bickford Ranch BPSs. Provided electrical and PLC based controls design in support of 2 water booster pump stations and reservoir .

Donner Summit PUD WWTP Improvements. Provided electrical and controls design assistance for plant improvements including a new Lime Silo and rehabilitation of a treatment unit.

City of Rio Vista Reservoir and BPS. Provided electrical and PLC based controls design in support of a water booster pump station and reservoir

SCADA Projects

Vidler Water Company – Fish Springs Ranch Water SCADA System. Providing SCADA and PLC programming as well as SCADA and fiber optic networking gear. Project links 5 wells and a terminal tank to the medium voltage booster pump station using fiber optic cabling. SCADA system is Wonderware Industrial Application Server SCADA platform that communicates to AB Compact and Controllogix PLCs. Acting as PM and overall project engineer for the project.

NCSD TH2 Water Well SCADA System. Installed an AB Micrologic 1100 PLC based Wonderware SCADA system. The PLCs communicate over radio and eventually will have a fiber backbone with a radio backup channel. System is being upgraded to include new filter plant and other sites including lift stations. Acted as PM and project engineer for the project.

City of Reno Stead WWRF SCADA. Upgraded SCADA system from

<1000 I/O tags to over 4500 during major plant expansions. Added 2 Modicon Quantum PLCs and connected to several other PLCs from vendor supplied panels using a variety of media and protocols including wireless, fiber and serial. Acted as Project Engineer/PM and programmer for the Wonderware SCADA system.

City of Hawthorne Whisky Flats Well Radio Telemetry System.
SCADAPack PLC based controls that utilized licensed radios to control well pump operations. The radio system transmitted data and commands to and from the Hawthorne SCADA system. Also designed a bucket brigade style of repeater that allowed one radio to collect information on one side of the mountain (Mina) and then retransmit it to the main SCADA system in Hawthorne to allow remote monitoring of the Mina sites. Acted as project engineer and PM for radio telemetry work.

City of Hayward Sewer SCADA. SCADA system with 28 Intellimatic RTUs that communicate over licensed radios to a Wonderware based SCADA system. Acted as Project Engineer/PM and programmer for both SCADA and RTUs.

Other Experience

Electrical Engineer – ATEEM Engineering (Reno, NV). Prepared project documentation including drawings and project specifications for electrical and instrumentation, electrical engineering project analysis and design. Project specifications included preparing detailed descriptions of control strategies used by Contractors to program the PLC and setup Graphic Operator Interface. Perform software programming of PLCs and SCADA in system startups as required.

Project Engineer – Arora Engineering (Reno, NV). Managed projects in the Water / Wastewater industries. Coordinate efforts of support engineers and manage active projects through lifecycle.

Manager of Engineering/Maintenance – Ralston Foods (Sparks, NV).
Managed efforts of staff engineers and 24 maintenance personnel. Responsible for budget and energy costs as well as proper operation of overall plant assets. Developed, implemented and championed, using a cross-functional team, Equipment Reliability processes which improved work and material management.

Project Engineer - Sierra Controls Systems (Carson City, NV). Engineered and managed wireless based SCADA systems throughout Northern NV. Worked in a team environment to complete assigned projects. Systems included PLCs, Radio Telemetry and PC based front-end programs. Ladder Logic and C programming. Introduced new hardware that reduced cost of services by 20 percent allowing a lower cost unit to be developed and sold.

Matt Boring

Senior Electrical Specialist

Matt has over 18 years of experience in electrical system design engineering including complex design of SCADA and electrical systems specific to the water and wastewater industry. Matt has been responsible for installation and maintenance of various SCADA systems and is experienced in working with contractors during startup and testing of new systems. Matt joined ECO:LOGIC in 2006 following five years with A T.E.E.M. Electrical Engineering as a field manager. Prior to A T.E.E.M., Matt served as SCADA technician, electrician and system mechanic for El Dorado Irrigation District (EID).

As an Electrical/SCADA Group Leader, Matt's responsibilities include the following:

- ❑ Manage field personnel and electrical/SCADA design projects of varying size.
- ❑ Prepare electrical/SCADA designs for projects such as Auburn WWTP expansion, City of Angels WWTP expansion and Konciti Water District, Raw Water Pumping Station.
- ❑ Responsible for collecting field data and working closely with plant operators for design of complex SCADA and electrical systems.
- ❑ Design, construct and install control panels and equipment for various SCADA and pilot projects.
- ❑ Provide factory/field testing of process and motor control systems for treatment plant projects.
- ❑ Complete constructability, peer, and QA/QC reviews for treatment plant designs.
- ❑ Provide electrical inspection and prepare reports for client projects.

Project Experience

City Of Auburn Wastewater Treatment Plant Expansion. Responsible for electrical and SCADA system design. Project included a new Trojan UV Disinfection system and secondary clarifier. A complete control system upgrade was also included that replaced an outdated proprietary system. Design documents included P&IDs, electrical one-lines, electrical power plans, conduit schedules, lighting panel and power panel schedules, lighting fixture schedules, installation details, and division 16 electrical specifications. Additional duties included electrical inspection and submittal reviews.

City of Angels Wastewater Treatment Plant Expansion. Developed electrical and control drawings for plant expansion. Expansion included a new WEDECO UV Disinfection System as well as filter feed pumping and headwork's rehabilitation. SCADA System was also upgrade to include new equipment as well as enhancement to existing process. Design documents included P&IDs, electrical one-lines, electrical power plans, conduit schedules, lighting panel and power panel schedules, lighting fixture schedules, installation details, and division 16 electrical specifications. Other duties included installation a Allen Bradley ControlLogix Bridge to enable communication between older Allen Bradley SLC controllers and newer ControlLogix programmable controllers. Additional duties included electrical inspection and submittal reviews.

City of Colfax Collection System Improvements. Managed electrical design for the modification of four sewage lift stations. Including: Process and Instrumentation Drawings (P&ID's), Power and control drawings and site electrical plans. System was connected to a Cellular telephone, Web based monitoring and alarm system.

Konicti Water District Raw Water Pump Station. Responsible for the design of the Districts Raw Water pump station electrical system replacement. Provided Power and Control drawings as well as division 16 electrical specifications for 600 Horse Power pump station

Flying J Nitrate Removal System. Designed power and controls for variable speed well pumping system. Project also included process controls for blending of raw water with treated water from a vendor supplied Nitrate removal system. Design documents included P&IDs, electrical one-lines, electrical power plans, conduit schedules, lighting panel and power panel schedules, lighting fixture schedules, installation details, and division 16 electrical specifications. Additional duties included electrical inspection and submittal reviews.

Jamestown Sanitary District Dewatering Equipment Addition. Design and construction assistants for the installation of solids handling equipment.

Cache Creek Casino Storm Drainage Pump Station. Designed power and control for storm drain pumping station. System was integrated into an existing SCADA network for remote control and monitoring.

City of Woodland Chemical Facility Improvements. Responsible for power and control design and division 16 electrical specification for new chemical feed system. Project included four coagulant pumps as well as a polymer blending system for pre filtration chemical addition. Additional duties included electrical inspection and submittal reviews.

Northstar SCADA System Upgrade. Responsible for constructing, installing and testing of several Remote Telemetry Units (RTU's) for water and wastewater facilities. Project included a complete replacement of a proprietary SCADA system including approximately ten stations.

City of Reno Pump Controls. Design, construct, install and test control panel for Scum Drainage pump station.

Micke Grove Pressure Monitoring System. Designed and built four pressure monitoring panels for installation around the park. Panels included a pressure transmitter and circular chart recorder with an alarm beacon to alert operators of low pressure conditions.

- ❑ City of Woodland RAS Pump Station Electrical/SCADA Improvements

A T.E.E.M. Electrical Engineering - Technician/Field Manager

- ❑ Responsible for gathering field data for design of complex SCADA and electrical systems specific to the water and waste water industry.
- ❑ Prepare drafting ready electrical/SCADA designs for water and waste water projects.
- ❑ Provide factory/field testing of process and motor control systems.
- ❑ Complete constructability and peer reviews for water and waste water projects.
- ❑ Provide electrical inspection and prepare reports for client projects.
- ❑ Assist client technical staff with complex troubleshooting issues/provide technical reports outlining findings and providing sound solution for process control problems.

Jeremy J. Pollet, P.E., CAP

Registered Electrical Engineer & Certified Automation Professional®

Education

B.S., Electrical Engineering,
University of New Orleans,
Louisiana

Registration

Electrical Engineer, No. 17557,
California

ISA Certified Automation
Professional, No. 40116

Wonderware® ArchestrA™
Certified Developer

Wonderware® Certified Systems
Integrator

Jeremy has 12 years of electrical engineering experience specializing in process controls/ industrial automation, SCADA systems, electrical power engineering, and project management. Jeremy's industrial sector experience includes water and wastewater treatment plants, pipelines, pump stations cogeneration, electric power generation, food processing, oil and gas processing, petrochemical, and refining. Expertise areas include:

Electrical Design Engineering

- ☐ Electrical power distribution design and analysis
- ☐ Electrical system modeling
- ☐ Single-line diagrams
- ☐ Motor controls, wiring schedules, load calculations, electrical specifications
- ☐ Economic evaluations, feasibility studies, technical memorandums, submittal reviews
- ☐ Pre-design and design reports
- ☐ Cost estimates and bid document preparation

Process Controls / Industrial Automation

- ☐ Hardware, software, and instrumentation specifications
- ☐ Piping and instrumentation diagrams (P&IDs)
- ☐ PLC programming (experienced with a wide variety of PLCs)
- ☐ Control panel design
- ☐ Communication networks design
- ☐ Control strategies and system documentation
- ☐ System startup & commissioning

SCADA Systems

- ☐ Process monitoring and control interface screens (multiple SCADA system packages)
 - ☐ Database development, data collection, reporting, trending
 - ☐ Alarm philosophies, alarm systems, auto-dialer configuration
- Project Management**

Project Management

- ☐ Project definition, project scoping and estimates
- ☐ Resource planning
- ☐ Project lifecycle tracking
- ☐ Project reporting and analysis

Project Experience

City of Davis, CA – SCADA Pilot Project. Designed, integrated, and installed a new Ethernet-based SCADA system for the City's public works department. The system consisted of Motorola Canopy Ethernet Radios and Allen Bradley MicroLogix PLCs. This project also included video surveillance over the Ethernet radio system. The City's elevated water storage tank, water wells, storm drain stations, and sewage lift stations were included in this project.

Nevada County Sanitation District Lake Wildwood WWTP – Complete Plant Automation. Supervisory Control of the entire wastewater plant utilizing Wonderware's Industrial Application Server (IAS) Platform (version 2.1, patch 2). SCADA system architecture consisted of a three servers running Microsoft® Windows Server 2003 (two IAS terminal servers – one primary and one failover, and one InSQL Historian). Workstations throughout the plant used Microsoft® Remote Desktop Connections to run InTouch for Terminal Services 9.5 sessions from the primary IAS server. Allen Bradley ControlLogix Programmable Automation Controllers were polled with Wonderware® DA Server. SCADAAlarm version 6.0 patch 1 was used for alarm annunciation to the on-call operator's cell phone or pager.

City of Woodland Water Pollution Control Facility – SCADA Systems Integration. SCADA system development with Intellution (GE/Proficy) iFIX to accommodate the plant expansion. SCADA system architecture consisted of a primary and backup SCADA node (each running Microsoft® Windows XP), one terminal server (running Microsoft® Windows Server 2003) and one iHistorian computer (running Microsoft® Windows 2000 Professional). Workstations throughout the plant used terminal services sessions to view the plant data. SCADAAlarm version 5.0 was used for alarm annunciation to the on-call operator's cell phone or pager.

El Dorado Irrigation District - Electrical Power and Controls Design. Licensed Electrical Engineer in responsible charge for the electrical power and controls design for a very large scale Waste Water Treatment Plant expansion. Design documents included P&IDs, electrical one-lines, electrical power plans, conduit schedules, lighting panel and power panel schedules, lighting fixture schedules, installation details, and division 16 electrical specifications.

City of Merced - Electrical Power and Controls Design. Licensed Electrical Engineer in responsible charge for the electrical power and controls design for a very large scale Waste Water Treatment Plant expansion. Design documents included P&IDs, electrical one-lines, electrical power plans, conduit schedules, lighting panel and power panel schedules, lighting fixture schedules, installation details, and division 16 electrical specifications. In addition to multiple individual design responsibilities, this project involved direct management and supervision of a team of design engineers and technical assistants.

AGREEMENT FOR CONSULTING SERVICES

ARTICLE 1 PARTIES AND PURPOSE

Section 1.1 Parties

THIS AGREEMENT is entered into on _____, by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and HDR, INC. (hereinafter "CONSULTANT").

Section 1.2 Purpose

CITY selected the CONSULTANT to provide the conceptual design services required in accordance with attached scope of services, Exhibit A.

CITY wishes to enter into an agreement with CONSULTANT for SURFACE WATER TREATMENT FACILITY AND TRANSMISSION PROJECT – FINAL DESIGN SERVICES project (hereinafter "Project") as set forth in the Scope of Services attached here as Exhibit A.

ARTICLE 2 SCOPE OF SERVICES

Section 2.1 Scope of Services

CONSULTANT, for the benefit and at the direction of CITY, shall perform the scope of services as set forth in Exhibit A, attached and incorporated by this reference.

Section 2.2 Time For Commencement and Completion of Work

CONSULTANT shall commence work within ten (10) days of executing this Agreement, and complete work under this Agreement based on the schedule included in Exhibit A.

CONSULTANT shall not be responsible for delays caused by the failure of CITY staff or agents to provide required data or review documents within the appropriate time frames. The review time by CITY and any other agencies involved in the project shall not be counted against CONSULTANT's contract performance period. Also, any delays due to weather, vandalism, acts of God, etc., shall not be counted. CONSULTANT shall remain in contact with reviewing agencies and make all efforts to review and return all comments.

Section 2.3 Meetings

CONSULTANT shall attend meetings as indicated in the Scope of Services, Exhibit A.

Section 2.4 Staffing

CONSULTANT acknowledges that CITY has relied on CONSULTANT's capabilities and on the qualifications of CONSULTANT's principals and staff as identified in its proposal to CITY. The scope of services shall be performed by CONSULTANT, unless agreed to otherwise by CITY in writing. CITY shall be notified by CONSULTANT of any change of Project Manager and CITY is granted the right of approval of all original, additional and replacement personnel in CITY's sole discretion and shall be notified by CONSULTANT of any changes of CONSULTANT's project staff prior to any change.

CONSULTANT represents that it is prepared to and can perform all services within the scope of services specified in Exhibit A. CONSULTANT represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONSULTANT to practice its profession, and that CONSULTANT shall, at its own cost and expense, keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals.

Section 2.5 Subcontracts

CITY acknowledges that CONSULTANT may subcontract certain portions of the scope of services to subconsultants as specified and identified in Exhibit A. Should any subconsultants be replaced or added after CITY's approval, CITY shall be notified within ten (10) days and said subconsultants shall be subject to CITY's approval prior to initiating any work on the Project. CONSULTANT shall remain fully responsible for the complete and full performance of said services and shall pay all such subconsultants.

ARTICLE 3 **COMPENSATION**

Section 3.1 Compensation

CONSULTANT's compensation for all work under this Agreement shall conform to and shall not exceed the provisions of Fee Proposal, attached as a portion of Exhibit A.

CONSULTANT shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

Section 3.2 Method of Payment

CONSULTANT shall submit invoices for completed work on a monthly basis, providing, without limitation, details as to amount of hours, individual performing said work, hourly rate, and indicating to what aspect of the scope of services said work is attributable.

Section 3.3 Costs

The fees shown on Exhibit A include all reimbursable costs required for the performance of the individual work tasks by CONSULTANT and/or subconsultant and references to reimbursable costs located on any fee schedules shall not apply. Payment of additional reimbursable costs considered to be over and above those inherent in the original Scope of Services shall be approved by CITY.

CONSULTANT charge rates are attached and incorporated with Exhibit A. The charge rates for CONSULTANT shall remain in effect and unchanged for the duration of the Project unless approved by CITY.

Section 3.4 Auditing

CITY reserves the right to periodically audit all charges made by CONSULTANT to CITY for services under this Agreement. Upon request, CONSULTANT agrees to furnish CITY, or a designated representative, with necessary information and assistance.

CONSULTANT agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONSULTANT agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with

this requirement. CONSULTANT further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

ARTICLE 4 **MISCELLANEOUS PROVISIONS**

Section 4.1 Nondiscrimination

In performing services under this Agreement, CONSULTANT shall not discriminate in the employment of its employees or in the engagement of any subconsultants on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

Section 4.2 Responsibility for Damage

CONSULTANT shall indemnify and save harmless the City of Lodi, the City Council, elected and appointed Boards, Commissions, all officers and employees or agent from any suits, claims or actions brought by any person or persons for or on account of any injuries or damages sustained or arising from the services performed in this Agreement but only to the extent caused by the negligent acts, errors or omissions of the consultant and except those injuries or damages arising out of the active negligence of the City of Lodi or its agents, officers or agents.

Section 4.3 No Personal Liability

Neither the City Council, the City Engineer, nor any other officer or authorized assistant or agent or employee shall be personally responsible for any liability arising under this Agreement.

Section 4.4 Responsibility of CITY

CITY shall not be held responsible for the care or protection of any material or parts of the work prior to final acceptance, except as expressly provided herein.

Section 4.5 Insurance Requirements for CONSULTANT

CONSULTANT shall take out and maintain during the life of this Agreement, insurance coverage as listed below. These insurance policies shall protect CONSULTANT and any subcontractor performing work covered by this Agreement from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from CONSULTANT'S operations under this Agreement, whether such operations be by CONSULTANT or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amount of such insurance shall be as follows:

1. COMPREHENSIVE GENERAL LIABILITY

\$1,000,000 Bodily Injury -

Ea. Occurrence/Aggregate

\$1,000,000 Property Damage -

Ea. Occurrence/Aggregate

or

\$1,000,000 Combined Single Limits

2. COMPREHENSIVE AUTOMOBILE LIABILITY

\$1,000,000 Bodily Injury - Ea. Person

\$1,000,000 Bodily Injury - Ea. Occurrence

\$1,000,000 Property Damage - Ea. Occurrence

or

\$1,000,000 Combined Single Limits

NOTE: CONSULTANT agrees and stipulates that any insurance coverage provided to CITY shall provide for a claims period following termination of coverage.

A copy of the certificate of insurance with the following endorsements shall be furnished to CITY:

(a) Additional Named Insured Endorsement

Such insurance as is afforded by this policy shall also apply to the City of Lodi, its elected and appointed Boards, Commissions, Officers, Agents and Employees as additional named insureds insofar as work performed by the insured under written Agreement with CITY. (This endorsement shall be on a form furnished to CITY and shall be included with CONSULTANT'S policies.)

(b) Primary Insurance Endorsement

Such insurance as is afforded by the endorsement for the Additional Insureds shall apply as primary insurance. Any other insurance maintained by the City of Lodi or its officers and employees shall be excess only and not contributing with the insurance afforded by this endorsement.

(c) Severability of Interest Clause

The term "insured" is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limit of the company's liability.

(d) Notice of Cancellation or Change in Coverage Endorsement

This policy may not be canceled by the company without 30 days' prior written notice of such cancellation to the City Attorney, City of Lodi, P.O. Box 3006, Lodi, CA 95241.

(e) CONSULTANT agrees and stipulates that any insurance coverage provided to CITY shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in the California Tort Claims Act (California Government Code Section 810 et seq.). "Claims made" coverage requiring the insureds to give notice of any potential liability during a time period shorter than that found in the Tort Claims Act shall be unacceptable.

Section 4.6 Worker's Compensation Insurance

CONSULTANT shall take out and maintain during the life of this Agreement, Worker's Compensation Insurance for all of CONSULTANT'S employees employed at the site of the project and, if any work is sublet, CONSULTANT shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the CONSULTANT. In case any class of employees engaged in hazardous work under this Agreement at the site of the project is not protected under the Worker's Compensation Statute, CONSULTANT shall provide and shall cause each subcontractor to provide insurance for the protection of said employees. This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the City Attorney, City of Lodi, P.O. Box 3006, Lodi, CA, 95241.

Section 4.7 Attorney's Fees

In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the court.

Section 4.8 Successors and Assigns

CITY and CONSULTANT each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONSULTANT shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

Section 4.9 Notices

Any notice required to be given by the terms of this Agreement shall be deemed to have been given when the same is personally served or sent by certified mail or express or overnight delivery, postage prepaid, addressed to the respective parties as follows:

To CITY: City of Lodi
F. Wally Sandelin, Public Works Director
221 West Pine Street
P.O. Box 3006
Lodi, CA 95241-1910

To CONSULTANT: HDR Engineering, Inc.
Timothy R. Fleming, Senior Vice President
2365 Iron Point Road, Suite 300
Folsom, CA 95630

Section 4.10 Cooperation of CITY

CITY shall cooperate fully in a timely manner in providing relevant information that it has at its disposal.

Section 4.11 CONSULTANT is Not an Employee of CITY

It is understood that CONSULTANT is not acting hereunder in any manner as an employee of CITY, but solely under this Agreement as an independent contractor.

Section 4.12 Termination

CITY may terminate this Agreement by giving CONSULTANT at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase. Upon termination, CONSULTANT shall be entitled to payment as set forth in the attached Exhibit A to the extent that the work has been performed. Upon termination, CONSULTANT shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from

services not completed or for contracts entered into by CONSULTANT with third parties in reliance upon this Agreement.

Section 4.13 Severability

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

Section 4.14 Captions

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent.

Section 4.15 Integration and Modification

This Agreement represents the entire integrated Agreement between CONSULTANT and CITY; supersedes all prior negotiations, representations, or Agreements, whether written or oral, between the parties; and may be amended only by written instrument signed by CONSULTANT and CITY.

Section 4.16 Applicable Law and Venue

This Agreement shall be governed by the laws of the State of California. Venue for any court proceeding brought under this Agreement will be with the San Joaquin County Superior Court.

Section 4.17 Contract Terms Prevail

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

Section 4.18 Authority

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

Section 4.19 Ownership of Documents

All documents, photographs, reports, analyses, audits, computer tapes or cards, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared for this project, shall be deemed the property of CITY. Upon CITY's request, CONSULTANT shall allow CITY to inspect all such documents during regular business hours. Upon termination or completion, all information collected, work product and documents shall be delivered by CONSULTANT to CITY within ten (10) days.

CITY agrees to indemnify, defend and hold CONSULTANT harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were prepared.

IN WITNESS WHEREOF, CITY and CONSULTANT have executed this Agreement as of the date first above written.

CITY OF LODI, a municipal corporation

ATTEST:

By _____
RANDI JOHL
CITY CLERK

By _____
BLAIR KING
CITY MANAGER

APPROVED AS TO FORM:

Dated: _____

HDR, Inc.

By _____
D. STEPHEN SCHWABAUER
CITY ATTORNEY

By: _____

Its: _____



EXHIBIT A SCOPE OF WORK

City of Lodi *Surface Water Treatment Facility and Transmission Project - Final Design Services*

TASK 1 – PROJECT MANAGEMENT AND QUALITY ASSURANCE/QUALITY CONTROL (QA/QC)

Subtask 1.1 - Project Management

This task includes the management activities required to ensure the project is completed on time and within budget, and addresses the City's goals. A project management work plan will be developed to serve as a communication tool for the City, HDR staff, and subconsultants. HDR will prepare invoices and decision log updates on a monthly basis. Other activities include coordinating with the subconsultants, scheduling staff, and coordinating the quality assurance effort.

***Deliverables:** Project management work plan, monthly invoices, and decision log updates.*

Subtask 1.2 - QA/QC Program

HDR will institute and maintain a QA/QC program for the work performed on this project. To ensure objectivity, senior technical staff not specifically involved in the project will assist with the internal QA/QC upon completion of all deliverables before they are submitted.

In addition, HDR will conduct an in-house constructability/value engineering review by senior construction management and engineering staff as part of the 90 percent quality control to ensure that the bid documents are biddable and do not contain unnecessarily expensive or difficult to construct items.

***Deliverables:** To be incorporated into the design documents.*

TASK 2 - WATERSHED SANITARY SURVEY

HDR will prepare a watershed sanitary survey of the Lower Mokelumne River watershed for the proposed surface water treatment facility. The watershed sanitary survey will take advantage of the work already completed in TM 3 - Watershed Assessment as part of the *Conceptual Design and Feasibility Evaluation* report. We understand that the City of Stockton may participate in this study because of their plans to utilize water purchased from Woodbridge Irrigation District (WID).

The California Code of Regulations, Title 22, Chapter 17, establishes the Surface Water Treatment Rule (SWTR), which requires that all surface water suppliers conduct a watershed sanitary survey of their watershed(s) at least once every five years. The main objective of this watershed sanitary survey is to assess the microbial contaminant loads and other potential contaminants at the raw water diversion from the Mokelumne River. The degree of treatment required at the point of diversion will be confirmed in terms of log removals of *Giardia* cysts, *Cryptosporidium* oocysts, and viruses. Methods to comply with Section 64665 Watershed Requirements of the SWTR will be recommended. In addition, current watershed management practices will be reviewed and additional management practices will be identified that are economically feasible and within the City's legal authority. Subtasks include the following:

Subtask 2.1 - Background Data Review

Readily available information will be collected for the Mokelumne River watershed upstream of the WID canal intake to Camanche Reservoir. This background information may include precipitation records, water quality data, land ownership and use, land use planning, existing agreements regarding watershed use, and the location of sources of contamination. We will document the sanitary survey information for the upper Mokelumne River watershed prepared by others.

Subtask 2.2 - Watershed and Water Supply System

Descriptions of the watershed, treatment plant intake, treatment plant facilities, and ability to treat the available water quality will be included. Watershed descriptions shall contain information regarding the area, topography, climate, soil composition, significant geologic features, hydrology, and vegetation.

Subtask 2.3 - Identification of Potential Contaminant Sources

Natural and man-made activities on the watershed that might influence water quality at present or in the future will be identified. At least two days will be spent in the field observing the watershed and documenting observed contamination sources. Naturally occurring activities may include erosion, animal populations, and wildfires. Man-made activities to be reviewed include wastewater collection systems, septic tanks, grazing animals, recreational activities (i.e., dirt biking, fishing, swimming, hiking, and camping), agricultural drainage, and other activities identified during the study.

Subtask 2.4 - Water Quality Summary and Review

Existing monitoring records for inorganic, organic, and microbiological parameters (including total and fecal coliform, turbidity, and, if available, *Giardia*, *Cryptosporidium*, coliform, and viruses) will be summarized and reviewed. Water quality data will be plotted to identify trends where they exist. The correlation between microbial loading and turbidity will also be evaluated.

Subtask 2.5 - Initial Checklist Preparation

The American Water Works Association (AWWA) Guidance Manual initial checklist will be prepared based upon the preliminary findings of the above tasks. The draft checklist will be reviewed by both City and California Department of Public Health (CDPH) staffs at a joint meeting. The results of this meeting will direct the watershed management control program.

Subtask 2.6 - Watershed Management Control Program Definition

HDR will review the current management practices in the watershed with respect to land use, erosion control, inspection and surveillance, emergency response, and public education. From the above tasks, recommendations for a control plan to mitigate the impact of different activities on the watershed will be made.

Subtask 2.7 - Report Preparation

HDR will prepare and submit a draft watershed sanitary survey report (five copies) for City and CDPH staff review. The report will analyze existing conditions within the watershed, expected development, methods by which the watershed is managed, and confirm degrees of treatment required. Following review of the draft report, a meeting will be conducted between City and CDPH staffs to receive all comments. These comments will be incorporated into the final watershed sanitary survey. Ten copies of the final report will be provided.

***Deliverables:** Five copies of the draft watershed sanitary survey report for review by City and CDPH staff, meeting agenda and minutes, and 10 copies of the final watershed sanitary survey report.*

TASK 3 – DESIGN COMPLETION

A preliminary listing of drawings is included as Attachment A-1. A preliminary listing of specifications is included as Attachment A-2.

Subtask 3.1 - 60 Percent Design Workshop

Our team will move forward with design after incorporation of the comments from the 30 percent submittal. At the 60 percent design stage, we will meet with the City to review progress and solicit feedback. Our team will bring working copies of the drawings and specifications to review with City staff. Drawings will include civil, structural, architectural, process, mechanical, electrical, and instrumentation. Technical specifications will include major equipment items and the City's boiler-plate front-end documents with supplementary Division 1 specification sections from HDR's master specification system.

***Deliverables:** Workshop agenda, minutes, and decision log.*

Subtask 3.2 - 90 Percent Design

HDR's team will incorporate the comments from the 60 percent design workshops to prepare the 90 percent design. The 90 percent design submittal will include complete drawings, including civil, structural, architectural, process, mechanical, electrical, and instrumentation drawings. Complete technical specifications will also be provided, and will include the City's boilerplate front-end documents with supplementary Division 1 specification sections from HDR's master specification system. The engineer's opinion of probable construction cost will include a 15 percent contingency.

***Deliverables:** Five copies of the half-size (11" x 17") drawings, technical specifications, and cost estimate to the City for review and comment.*

Subtask 3.3 – 90 Percent Design Workshop

A one-day workshop will be conducted after the City reviews the 90 percent design submittal. This workshop will be used to finalize the design comments. A log of review comments will be maintained to ensure all design comments are incorporated.

***Deliverables:** Meeting agenda and minutes, action items, and review comments log.*

Subtask 3.4 - Final Design (Bid Set)

HDR's team will incorporate final comments from the 90 percent design submittal, and will prepare a bid set to include final drawings and technical specifications, along with a final engineer's opinion of cost. HDR will submit the final documents to either the City or their designated reproduction house. Our budget assumes the City will advertise the project and reproduce the documents for distribution to prospective contractors.

***Deliverables:** Full-size (22" x 34") drawings, half-size drawings, technical specifications, cost estimate (one reproducible copy each).*

TASK 4 - BIDDING AND CONTRACTOR SELECTION ASSISTANCE

Subtask 4.1 - Prebid Meeting

HDR will coordinate and conduct a prebid meeting and prepare and distribute prebid meeting minutes. This task assumes the City will host the meeting location and provide staff as need to convey the City's construction bidding requirements and policies.

***Deliverables:** Prebid meeting minutes.*

Subtask 4.2 - Bidding Services

HDR will provide assistance during the bidding period, which includes responding to written and faxed questions by the bidders, issuing addenda to the contract documents for distribution to plan

and specification holders, assisting the City with evaluating and reviewing the bids for conformation with the contract documents, and providing input in the awarding of the contract. This task assumes that the City will receive and forward questions from bidders and will prepare, negotiate, and execute the construction agreement with the selected bidder.

Deliverables: *Up to three addenda to the bid set of contract documents, bid tabulation sheet, written clarification of contractor questions, and recommendation for award letter.*

Subtask 4.3 - Conformed Construction Set

HR will incorporate the addenda into the bid set and provide a “conformed” set of construction documents (drawings and specifications) for reproduction and issuance by the City.

Deliverables: *Five half-size and five full-size copies of the construction documents, plus PDF files on CD.*

TASK 5 - ENGINEERING SERVICES DURING CONSTRUCTION (OPTIONAL)

Subtask 5.1 - Preconstruction Meeting

HDR will participate in the preconstruction meeting and provide information regarding the engineering role, shop drawing review procedures, communication protocol, and other pertinent information.

Deliverables: *Meeting agenda and minutes.*

Subtask 5.2 - Submittals

HDR will review the contractor’s submittals, including shop drawings and equipment operations and maintenance (O&M) manuals, for conformance with the contract documents.

Deliverables: *Up to 200 submittals and 20 re-submittals.*

Subtask 5.3 – Site Visits

Alternative 1 - Monthly Construction Meetings: HDR will visit the construction sites a minimum of once a month concurrent with a construction meeting to assist the City with reviewing the acceptability of the work and resolving field problems. This task includes additional visits by various engineering disciplines (i.e., electrical, structural, etc) at critical stages of work. The budget for this task is based on 24 visits within the 18-month construction period.

Alternative 2 - Weekly Construction Meetings: HDR will attend all regular weekly construction meetings during the 18-month construction period and include additional site visits as needed by various engineering disciplines at critical stages of construction.

Deliverables: Field reports.

Subtask 5.4 - Contract Clarifications

HDR will provide written interpretations of the contract documents in response to requests for information submitted by the contractor.

Deliverables: Up to 200 requests for information (RFIs).

Subtask 5.5 - Contract Change Orders and Potential Changes

HDR will review contract change orders and potential changes prepared by the City, and review and make recommendations on contractor's price proposals. Independent estimates will be prepared, as required.

Deliverables: Up to 10 potential changes and five change orders.

Subtask 5.6 - Startup and Testing, and Project Closeout

HDR will oversee facility startup and testing, and help address operational and performance problems identified during startup. HDR and the City will jointly conduct a final inspection prior to startup, and HDR will prepare the final punch list for City review and approval prior to submission to the contractor for completion. The City will process the project close-out documentation, including any release of retentions and bonds, and the Notice of Completion. This task assumes two site visits by each engineering discipline (i.e., mechanical, electrical, etc.), 10 total, for developing and confirming punch list items, and 80 hours for startup and testing.

Deliverables: One copy of a final inspection punch list and one copy of a final startup testing and acceptance report.

Subtask 5.7 - Record Drawings

HDR will translate as-built mark-ups from the contractor's set to the electronic set of drawings. This task relies on the premise that adequate "as-built" records are maintained by the contractor per the contract terms and conditions.

Deliverables: Full-size drawings, half size drawings (one reproducible set of each), and CD containing electronic files in PDF format.

TASK 6 - O&M MANUAL (OPTIONAL)

A facility O&M manual can be prepared that covers the operation of the treatment plant. The O&M manual will be a complete document with process schematics and P&IDs. It will cover operation of each of the plant's components, programming and normal facility setpoints, equipment specifications, and general troubleshooting procedures. The O&M manual will be submitted to the City for review and approval prior to preparing the final copies for binding.

Deliverables: *PDF copy of the draft O&M manual for City review and three copies of the final O&M manual in three-ring binders, plus a CD with both PDF and MSWord versions.*

TASK 7 - CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES (OPTIONAL)

Subtask 7.1 - Preconstruction Activities

7.1.1 - Documentation Management System Setup

HDR will set up the file system for the project, which includes files, software, and administrative procedures. The filing system will be designed to provide an efficient archival of documents during and after construction.

HDR will also implement the document management system, which will involve organizing, tracking, filing, storing, retrieving, and managing paper and electronic correspondence, including letters, RFIs, field memoranda and clarifications, submittals, contracts, reports, progress payments, change orders, monthly cash flow projections, and other relevant documentation. HDR's Project Tracker software will be used to track RFIs, change orders, submittals, design clarifications, field orders, and other miscellaneous correspondence.

This task is important for the management of any project during construction, as well as for providing usable documentation for claims defense, record drawings, and future design efforts.

7.1.2 - Preconstruction Conference

HDR will conduct a preconstruction conference with the City and contractor immediately after issuance of the notice to proceed. Specifically, the conference will cover the project administration procedures, schedule requirements, and other project specific issues. All parties attending the conferences will receive a copy of the meeting minutes.

Deliverables: A meeting agenda will be issued prior to the conference. Meeting minutes for the conference will be compiled.

Subtask 7.2 - Construction Contract Administration

7.2.1 - Document Existing Site Conditions and Project Progress

Daily inspection logs and records will be prepared and archived in the file system. Photo documentation will be utilized throughout the construction sequence to provide a visual database of existing site conditions, project progress, and areas of concern or interest. All photographs will be digital, compiled on CDs, and indexed by date.

Deliverables: A copy of the photographs will be provided to the City at the end of construction.

7.2.2 - RFIs

RFIs received from the contractor will be logged and tracked to assure prompt and complete responses.

7.2.3 - Submittals

Submittals will be tracked by number, CSI specification section, date received, action taken, and date returned to the contractor. HDR will track each submittal “age” to assure timely processing of submittals.

7.2.4 - Schedule:

7.2.4.1 - Initial Schedule Review: The contractor’s initial schedule will be reviewed for completeness and appropriateness in regard to the specified milestone dates, end date, and practicality.

7.2.4.2 - Schedule Monitoring: HDR will review the contractor’s monthly schedule. The City will be notified of deviations from the schedule.

7.2.5 - Weekly Progress Meetings

Weekly progress meetings are necessary to maintain continuing and effective dialogue between team members, and to keep the project on track. Progress meetings will be held on-site to discuss the general project schedule; two-week look ahead schedule; current, past, and potential issues; permit and mitigation and monitoring plan issues; and outstanding items such as RFIs and submittals. HDR will conduct the progress meetings and issue meeting minutes.

***Deliverables:** Meeting minutes.*

7.2.6 - Monthly Status Reports

HDR will prepare and submit to the City monthly reports highlighting project progress, change orders, budget (including City budget), and schedule status. This task assumes 18 monthly status reports.

***Deliverables:** Monthly status reports.*

7.2.7 - Issues Management

Issues management relates to the solution of unanticipated problems that arise during construction. A coordinated issues management approach minimizes delays in the field and provides a vehicle for cost effective resolutions.

7.2.7.1 - Unforeseen Conditions or Situations: HDR field personnel will work with the contractor to resolve issues resulting from unforeseen site conditions.

7.2.7.2 - Conflict Resolution: HDR, in conjunction with the contractor, will analyze the problem and seek to solve the problem in the field. HDR will seek appropriate advice from City staff if any redesign is required.

7.2.7.3 - Field Memoranda and Clarifications: “No cost” solutions to field issues will be documented by issuing a field memorandum or clarification. Solutions with an associated cost will be handled as a potential change order and negotiated with the contractor. The City will receive copies of field memoranda and clarifications.

***Deliverables:** Copies of field memoranda and clarifications.*

7.2.8 - Contract Changes

HDR will implement a change order review process that will include the following:

7.2.8.1 - Schedule Impact Review: The impact on the schedule of the proposed change will be evaluated and reviewed. Any time extensions requested in the change will be evaluated for merit.

7.2.8.2 - Discrepancy Negotiation: HDR will negotiate with the contractor in the event that HDR's cost estimate or schedule impacts review does not agree with the contractor's request. These negotiations will be conducted to produce an acceptable change request that can be presented to the City for consideration.

7.2.8.3 - Disposition Recommendations: HDR will prepare a disposition recommendation for each potential contract change, which will provide a narrative justification for either the recommendation of execution of a change or the denial of the change. HDR will provide assistance to the City staff in regard to the preparation of justifications for changes that are deemed necessary.

7.2.8.4 - Cumulative Impacts: HDR will track the cumulative impact of change orders on the project cost and schedule. This information will be summarized in the monthly reports.

7.2.9 - Progress Payment Applications

HDR will determine the amount owed to the contractor based on HDR's observations at the site and the data comprising the application for payment, and will recommend in writing the payments to the contractor in such amounts. Such recommendations of payment will constitute representation to the City that the work has progressed to the point indicated, and that, to the best of HDR's knowledge, information, and belief, the quality of work is in accordance with the contract documents. The foregoing representations are subject to an evaluation of the work for conformance with the contract documents upon substantial completion, to results of subsequent tests and inspections by others, to minor deviations from the contract documents correctable prior to completion, and to specific qualifications expressed by HDR. The issuance of a

recommendation will further constitute a representation that the contractor is entitled to payment in the amount recommended. HDR will process pay requests in the following manner.

7.2.9.1 - Payment Request Review: The contractor's progress payment applications will be reviewed for compliance with the project specifications in terms of format and content. Retention amounts and numerical addition will be verified.

7.2.9.2 - Quantity Verification: Each pay item in the payment application will be verified with the contractor and through field inspection.

7.2.9.3 - Payment Application Documentation: HDR will prepare payment documentation for execution by the City to support the contractor's application.

***Deliverables:** Up to 18 pay applications.*

7.2.10 - Claims Mitigation (Optional)

If this optional task is needed, HDR will assist the City in claims analysis and resolution strategy development if so requested.

Subtask 7.3 - Construction Monitoring

7.3.1 – On-Site Personnel

The budget for this subtask assumes that the resident engineer/inspector will be on-site, full-time for approximately 18 months. The resident engineer will observe construction activities, and will be responsible for coordinating construction documents and RFIs, and scheduling inspections and testing.

***Deliverables:** Daily inspection reports.*

7.3.2 - Electrical Inspection

The budget for this subtask assumes an electrical inspector will be on site part-time (80 hours per month) while the electrical subcontractor performs their work.

***Deliverables:** Daily inspection reports.*

7.3.3 - Permit Compliance

HDR will monitor the contractor's compliance with all relevant permits. The City and contractor will be immediately notified of any identified permit infractions.

7.3.4 - Testing

HDR's geotechnical subconsultant will provide testing to determine soil compaction. Requests for testing and scheduling will be coordinated with the contractor. Test results will be documented in progress reports. HDR will work with the City on the selection of the geotechnical testing consultant. The estimate is based on the value of construction.

Subtask 7.4 - Contract Closeout Activities

7.4.1 - Notice of Substantial Completion

HDR will compile and execute the notice of substantial completion for the project. The notice will be provided to the City and the contractor.

Deliverables: Notice of substantial completion.

7.4.2 – Walk-Through/Punch List

When the construction of the project is substantially complete, HDR will perform a project walk-through with the City to compile a punch list. The punch list will be provided to the contractor, and items tracked to resolution.

Deliverables: Punch list.

7.4.3 - Administrative Requirements Verification

HDR will verify that the required certificates of compliance, warranty certificates, final record drawing information, training, and other administrative items required by the contract documents have been executed and delivered by the contractor.

7.4.4 - Final Punch List Walk-Through

HDR will perform one final walk-through to verify that all punch list items have been completed to the City's satisfaction. The completion of each punch list item will be verified and the completion date noted.

Deliverables: Final punch list.

7.4.5 - Contract Retention

HDR will review the contractor's final payment application for retention, and will make a recommendation to City staff for payment of retention.

7.4.6 - Final Payment

The contractor's final progress payment application will be reviewed for conformance and completeness. Final payment quantities will be verified. HDR will review the status of all stop notices, mechanics liens, and other claims against the project prior to reviewing the contractor's final payment request.

7.4.7 - Notice of Completion

Upon verification of completion of all punch list items, HDR will assist the City with executing and filing the notice of completion for the project. The notice of completion will verify that the contractor has fulfilled the contract requirements and that all work is complete.

Deliverables: *Notice of completion.*

ATTACHMENT A-1

PRELIMINARY LISTING OF DRAWINGS

No.	Sheet No.	Drawing Description
General - G		
1	G1	Cover Sheet
2	G2	Symbols and Abbreviations I
3	G3	Symbols and Abbreviations II
4	G4	General Notes I
5	G5	General Notes II
6	G6	Water Treatment Plant Process Flow Schematic and Design Criteria I
7	G7	Water Treatment Plant Process Flow Schematic and Design Criteria II
8	G8	Hydraulic Profile
Civil - C		
9	C1	Key Plan
10	C2	Raw Water Pump Station Grading and Paving Plan
11	C3	Raw Water Pump Station Piping Plan
12	C4	Water Treatment Plant Grading & Paving Plan I
13	C5	Water Treatment Plant Grading & Paving Plan II
14	C6	Water Treatment Plant Process Piping Plan I
15	C7	Water Treatment Plant Process Piping Plan II
16	C8	Water Treatment Plant Chemical and Sample Piping Plan
17	C9	Raw Water Pipeline Profile STA 0+00 - 05+00
18	C10	Raw Water Pipeline Profile STA 0+50 - 10+00
19	C11	Raw Water Pipeline Profile STA 10+00 - 15+00
20	C12	Raw Water Pipeline Profile STA 15+00 - 19+50
21	C13	Miscellaneous Pipeline Profiles I
22	C14	Miscellaneous Pipeline Profiles II
23	C15	Distribution Pipeline Profile STA 0+00 - 05+00
24	C16	Distribution Pipeline Profile STA 05+00 - 10+00
25	C17	Distribution Pipeline Profile STA 10+00 - 15+00
26	C18	Distribution Pipeline Profile STA 15+00 - 20+00
27	C19	Distribution Pipeline Profile STA 20+00 - 25+00
28	C20	Well Site 3R Piping Improvements

No.	Sheet No.	Drawing Description
29	C21	Well Site 6R Piping Improvements
30	C22	Well Site 9 Piping Improvements
31	C23	Well Site 14 Piping Improvements
32	C24	Well Site 17 Piping Improvements
33	C25	Well Site 25 Piping Improvements
34	C26	Pipe Tunneling Details I
35	C27	Pipe Tunneling Details II
36	C28	Civil Details I
37	C29	Civil Details II
38	C30	Civil Details III
39	C31	Civil Details IV
Architectural - A		
40	A1	Raw Water Pump Station Site Code Plan
41	A2	Raw Water Pump Station Code Plan
42	A3	Raw Water Pump Station Floor Plan
43	A4	Raw Water Pump Station Roof Plan
44	A5	Raw Water Pump Station Elevations I
45	A6	Raw Water Pump Station Elevations II
46	A7	Raw Water Pump Station Building Sections
47	A8	Membrane/Operations Building Code Plan First Floor
48	A9	Membrane/Operations Building Code Plan Second Floor
49	A10	Membrane/Operations Building Code Plan Text
50	A11	Membrane/Operations Building First Floor Plan I
51	A12	Membrane/Operations Building First Floor Plan II
52	A13	Membrane/Operations Building Second Floor Plan
53	A14	Membrane/Operations Building Reflected Ceiling Plan
54	A15	Membrane/Operations Building Roof Plan
55	A16	Membrane/Operations Building Exterior Elevations I
56	A17	Membrane/Operations Building Exterior Elevations II
57	A18	Membrane/Operations Building Sections I
58	A19	Membrane/Operations Building Sections II
59	A20	Membrane/Operations Building Wall Sections I
60	A21	Membrane/Operations Building Wall Sections II
61	A22	Membrane/Operations Building Wall Sections III

No.	Sheet No.	Drawing Description
62	A23	Membrane/Operations Building Interior Finish Plan
63	A24	Membrane/Operations Building Enlarged Laboratory Plan
64	A25	Membrane/Operations Building Enlarged Locker Room Plan
65	A26	Membrane/Operations Building Enlarged Lobby/Stair and Elevator Plan
66	A27	Membrane/Operations Building Interior Elevations I
67	A28	Membrane/Operations Building Interior Elevations II
68	A29	Membrane/Operations Building Interior Elevations III
69	A30	Membrane/Operations Building Interior Elevations VI
70	A31	Membrane/Operations Building Interior Elevations V
71	A32	High Service Pump/Chemical Building Code Plan
72	A33	High Service Pump/Chemical Building Code Plan Text
73	A34	High Service Pump/Chemical Building Floor Plan
74	A35	High Service Pump/Chemical Building Reflected Ceiling Plan
75	A36	High Service Pump/Chemical Building Roof Plan
76	A37	High Service Pump/Chemical Building Exterior Elevations I
77	A38	High Service Pump/Chemical Building Exterior Elevations II
78	A39	High Service Pump/Chemical Building Sections
79	A40	Finish Schedule
80	A41	Wall Types/Schedule
81	A42	Door Schedule
82	A43	Door Types
83	A44	Window and Louver Schedule
84	A45	Window and Louver Types
85	A46	Equipment Schedule
86	A47	Details I
87	A48	Details II
88	A49	Details III
89	A50	Details IV
90	A51	Details V
91	A52	Details VI
92	A53	Details VII
93	A54	Details VIII
94	A55	Details IV
95	A56	Details X

No.	Sheet No.	Drawing Description
96	A57	Details XI
97	A58	Details XII
Landscaping - L		
98	L1	Planting Plans I
99	L2	Planting Plans II
100	L3	Irrigation Plans I
101	L4	Irrigation Plans II
102	L5	Landscape Details
103	L6	Irrigation Details
Structural - S		
104	S1	General Structural Notes
105	S2	Standard Concrete Details I
106	S3	Standard Concrete Details II
107	S4	Standard Concrete Details III
108	S5	Standard Concrete Details IV
109	S6	Standard Concrete Masonry Unit Details I
110	S7	Standard Concrete Masonry Unit Details II
111	S8	Standard Reinforcing Steel Details
112	S9	Standard Metal Deck Details
113	S10	Standard Steel Details
114	S11	Standard Railing Details I
115	S12	Standard Railing Details II
116	S13	Standard Grating Details
117	S14	Miscellaneous Slab-on-grade Plans
118	S15	Miscellaneous Slab-on-grade Sections & Details
119	S16	Raw Water Pump Station Foundation/Ground Floor Plan
120	S17	Raw Water Pump Station Roof Plan
121	S18	Raw Water Pump Station Building Sections
122	S19	Raw Water Pump Station Building Sections
123	S20	Raw Water Pump Station Sections & Details I
124	S21	Raw Water Pump Station Sections & Details II
125	S22	Grit & Flocculation Basin Foundation Plan
126	S23	Grit & Flocculation Basin Sections & Details I
127	S24	Grit & Flocculation Basin Sections & Details II

No.	Sheet No.	Drawing Description
128	S25	Grit & Flocculation Basin Sections & Details III
129	S26	Operations Building Foundation Plan I
130	S27	Operations Building Foundation Plan II
131	S28	Operations Building Ground Floor Plan I
132	S29	Operations Building Ground Floor Plan II
133	S30	Operations Building Second Floor Framing Plan I
134	S31	Operations Building Second Floor Framing Plan II
135	S32	Operations Building Roof Framing Plan I
136	S33	Operations Building Roof Framing Plan II
137	S34	Operations Building Sections and Details I
138	S35	Operations Building Sections and Details II
139	S36	Operations Building Sections and Details III
140	S37	Operations Building Sections and Details IV
141	S38	Operations Building Partial Framing Plans and Details I
142	S39	Operations Building Partial Framing Plans and Details II
143	S40	Operations Building Sections and Details I
144	S41	Operations Building Sections and Details II
145	S42	Operations Building Sections and Details III
146	S43	Operations Building Sections and Details IV
147	S44	Operations Building Sections and Details V
148	S45	Backwash Tank and Treatment System Foundation Plan
149	S46	Backwash Tank and Treatment System Section & Details
150	S47	High Service Pump/Chemical Building Foundation/Ground Floor Plan
151	S48	High Service Pump/Chemical Building Roof Framing Plan
152	S49	High Service Pump/Chemical Building Sections I
153	S50	High Service Pump/Chemical Building Sections II
154	S51	High Service Pump/Chemical Building Sections and Details I
155	S52	High Service Pump/Chemical Building Sections and Details II
156	S53	High Service Pump/Chemical Building Sections and Details III
157	S54	Treated Water Storage Tank Ring Foundation Plan
158	S55	Treated Water Storage Tank Sections and Details I
159	S56	Treated Water Storage Tank Sections and Details II
160	S57	Miscellaneous Pipe Support Details I
161	S58	Miscellaneous Pipe Support Details II

No.	Sheet No.	Drawing Description
162	S59	Microfiltration System Miscellaneous Details
Process - P		
163	P1	Raw Water Pump Station Plan
164	P2	Raw Water Pump Station Sections and Details I
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Pall Corporation		
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181	P22	Backwash Reclaim Pump Station Details
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194	P35	Chemical System Sections and Details I
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220	P61	Well Site Chemical System Plan and Sections 19
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207	M2	Energy Compliance Forms II
208	M3	Mechanical Symbols
209	M4	Raw Water Pump Station HVAC Plan
210	M5	Raw Water Pump Station HVAC Sections
211	M6	Raw Water Pump Station Plumbing Plan
212	M7	Raw Water Pump Station Water & Waste Isometrics
213	M8	Operations Building 1st Floor HVAC Plan I
214	M9	Operations Building 1st Floor HVAC Plan II
215	M10	Operations Building 2nd Floor HVAC Plan I
216	M11	Operations Building HVAC Roof Plan I
217	M12	Operations Building HVAC Roof Plan II
218	M13	Operations Building HVAC Sections I
219	M14	Operations Building HVAC Sections II
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221	M16	Operations Building Temperature Control Diagrams
222	M17	Operations Building Airflow Schematics
223	M18	Operations Building 1st Floor Plumbing Plan I
224	M19	Operations Building 1st Floor Plumbing Plan II
225	M20	Operations Building 2nd Floor Plumbing Plan I
226	M21	Operations Building Water Isometrics
227	M22	Operations Building Waste Isometrics
228	M23	Operations Building Hot Water Loop Schematic
229	M24	Operations Building Chilled Water Loop Schematic
230	M25	High Service Pump/Chemical Building HVAC Plan I
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No.	Sheet No.	Drawing Description
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236	M31	High Service Pump/Chemical Building HVAC Sections I
237	M32	High Service Pump/Chemical Building HVAC Sections II
238	M33	High Service Pump/Chemical Building Temperature Control Diagrams
239	M34	High Service Pump/Chemical Building Airflow Schematics
240	M35	High Service Pump/Chemical Building Water Isometrics
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242	M37	Mechanical Details I
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259	E15	Operations Building Electrical 2nd Floor Power Plan
260	E16	Operations Building Electrical Roof Power Plan
261	E17	Operations Building Electrical Roof Power Plan
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Pall Corporation		
264	E20	Single-Line Diagrams
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267	E23	Power Plan
268	E24	Water Treatment Plant Electrical Site Plan - Power & Lighting I
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270	E26	Water Treatment Plant Operations Building Elevator Plan
271	E27	Emergency Generator Plan
272	E28	Emergency Generator Sections and Details
273	E29	Emergency Generator Fuel Storage
274	E30	Control Schematic I
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276	E32	Control Schematic III
277	E33	Control Schematic VI
278	E34	Control Schematic V
279	E35	Panel Schedules I
280	E36	Panel Schedules II
281	E37	Fixture Schedule
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290	E46	Flocculation Basin Power Plan
291	E47	Plate Settler Power Plan
292	E48	Treated Water Storage Tank Power Plan
293	E49	High Service Pump/Chemical Building Power Plan I
294	E50	High Service Pump/Chemical Building Power Plan II
295	E51	High Service Pump/Chemical Building Lighting Plan
296	E52	High Service Pump/Chemical Building Lighting Plan
297	E53	High Service Pump/Chemical Building Electrical Room Plan
298	E54	High Service Pump/Chemical Building Grounding Plan
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No.	Sheet No.	Drawing Description
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301	E57	Well Site Plan and Control 3
302	E58	Well Site Plan and Control 4
303	E59	Well Site Plan and Control 5
304	E60	Well Site Plan and Control 6
305	E61	Well Site Plan and Control 7
306	E62	Well Site Plan and Control 8
307	E63	Well Site Plan and Control 9
308	E64	Well Site Plan and Control 10
309	E65	Well Site Plan and Control 11
310	E66	Well Site Plan and Control 12
311	E67	Well Site Plan and Control 13
312	E68	Well Site Plan and Control 14
313	E69	Well Site Plan and Control 15
314	E70	Well Site Plan and Control 16
315	E71	Well Site Plan and Control 17
316	E72	Well Site Plan and Control 18
317	E73	Well Site Plan and Control 19
318	E74	Well Site Plan and Control 20
319	E75	Well Site Plan and Control 21
320	E76	Well Site Plan and Control 22
321	E77	Well Site Plan and Control 23
322	E78	Well Site Plan and Control 24
323	E79	Electrical Details I
324	E80	Electrical Details I
325	E81	Electrical Details III
326	E82	Communications Plan
Instrumentation - I		
327	I1	Instrumentation Abbreviations and Symbols
328	I2	Raw Water Pump Station Process & Instrumentation Diagram
329	I3	Water Treatment Plant PLC Layout & Communication Diagram
330	I4	Autostrainer Process & Instrumentation Diagram
331	I5	Membrane System Process & Instrumentation Diagram
332	I6	Membrane Analysis Process & Instrumentation Diagram

No.	Sheet No.	Drawing Description
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334	I8	Screw Conveyor Process & Instrumentation Diagram
335	I9	Sludge Pump Process & Instrumentation Diagram
336	I10	Storage Tank Process & Instrumentation Diagram
337	I11	Chemical Systems Process & Instrumentation Diagram I
338	I12	Chemical Systems Process & Instrumentation Diagram II
339	I13	Chemical Systems Process & Instrumentation Diagram III
340	I14	Chemical Systems Process & Instrumentation Diagram IV
341	I15	Chemical Systems Process & Instrumentation Diagram V
342	I16	Polymer System Process & Instrumentation Diagram
343	I17	Softened Water Process & Instrumentation Diagram
344	I18	Generator Process & Instrumentation Diagram
345	I19	Well Site Process & Instrumentation Diagram
346	I20	Main Control Panel MCP Elevation
347	I21	Main Control Panel Panelboard Layout
348	I22	High Service Pump Station PLC Layout & Communication Diagram
349	I23	Raw Water Pump Station PLC Layout & Communication Diagram
350	I24	Instrumentation Details I
351	I25	Instrumentation Details II
352	I26	Instrumentation Details III

ATTACHMENT A-2

PRELIMINARY LISTING OF SPECIFICATIONS

Division 0 - BIDDING REQUIREMENTS, CONTRACT FORMS, AND CONDITIONS OF THE CONTRACT

BY CITY

Division 1 - GENERAL REQUIREMENTS

01010 SUMMARY OF WORK AND PROCEDURES
01011 SURVEYING
01060 SPECIAL CONDITIONS
01340 SUBMITTALS
01370 SCHEDULE OF VALUES
01560 ENVIRONMENTAL PROTECTION & SPECIAL CONTROLS
01621 INSTALLATION OF MEMBRANE EQUIPMENT BY CONTRACTOR
01650 SYSTEM START-UP
01670 ACCEPTANCE TESTING OF MEMBRANE EQUIPMENT
01710 CLEANING
01730 TRAINING OF OPERATIONS & MAINTENANCE PERSONNEL
01800 OPENINGS AND PENETRATIONS IN CONSTRUCTION

Division 2 - SITE WORK

02110 SITE CLEARING
02200 EARTHWORK
02221 TRENCHING, BACKFILLING, AND COMPACTING FOR UTILITIES
02260 TOPSOILING AND FINISHED GRADING
02502 CONCRETE CURB, SIDEWALK AND STEPS
02513 ASPHALTIC CONCRETE PAVING
02515 PRECAST CONCRETE MANHOLE STRUCTURES
02810 IRRIGATION SYSTEM
02950 PLANTS AND PLANTING

Division 3 - CONCRETE

03002 CONCRETE
03108 FORMWORK
03346 CONCRETE SURFACE SEALER
03348 CONCRETE FINISHING AND REPAIR OF SURFACE DEFECTS
03540 SELF-LEVELING UNDERLAYMENT

Division 4 - MASONRY

04110 CEMENT AND LIME MORTARS

04155 MASONRY ACCESSORIES
04220 CONCRETE MASONRY
04510 MASONRY CLEANING

Division 5 - METALS

05120 STRUCTURAL STEEL
05131 STRUCTURAL ALUMINUM
05211 STEEL JOINTS
05313 METAL DECK
05410 LOAD BEARING METAL STUD SYSTEM
05505 METAL FABRICATIONS
05522 ALUMINUM RAILINGS
05800 INTERIOR EXPANSION JOINT COVERS

Division 6 - WOOD AND PLASTICS

06100 ROUGH CARPENTRY
06610 FIBERGLASS REINFORCED PLASTIC FABRICATIONS

Division 7 - THERMAL AND MOISTURE PROTECTION

07171 BENTONITE/HDPE WATERPROOFING (WP-BH)
07176 WATER REPELLENT COATING - TRANSPARENT
07270 FIRESTOPPING
07320 PORTLAND CEMENT TILE ROOFING
07532 FULLY ADHERED EPDM ROOFING
07729 ROOF HATCHES
07900 JOINT SEALANTS

Division 8 - DOORS AND WINDOWS

08100 HOLLOW METAL (HM) DOORS AND FRAMES
08120 SOUND CONTROL DOOR ASSEMBLIES
08211 FLUSH WOOD DOORS (WD)
08212 CHEMICAL RESISTANT DOORS
08305 ACCESS DOORS
08312 ACCESS PANELS AND DOORS
08363 OVERHEAD DOOR (INSULATED - SECTIONAL STEEL)
08410 ALUMINUM STORE FRONT
08525 ALUMINUM WINDOWS - THERMAL - WITH BLINDS
08625 ALUMINUM FRAMED SKYLIGHT
08700 FINISH HARDWARE
08800 GLASS AND GLAZING

Division 9 - FINISHES

09000 COLOR SCHEDULE
09110 NON-LOAD BEARING WALL FRAMING SYSTEMS

09201 METAL FURRING AND LATHING
09218 POLISHED PLASTER
09220 PORTLAND CEMENT (PC) PLASTER
09227 EXTERIOR STUD WALL SYSTEM
09250 GYPSUM WALLBOARD
09510 ACOUSTICAL & CEILING TILE MATERIALS (AM)
09601 CONCRETE PREPARATION FOR FLOOR FINISHES
09605 WATER VAPOR EMISSION CONTROL SYSTEM
09660 RESILIENT TILE FLOORING (RT)
09670 CONCRETE STAIN (CS)
09705 SEAMLESS EPOXY FLOORING (SEF)
09720 DRY ERASE WALL COVERING (DWC)
09726 TACKABLE WALL COVERING
09762 CONCRETE SURFACE SEALER (CSS-HD)
09800 PROTECTIVE COATINGS BLENDING STRUCTURE INTERIOR
09902 EXTERIOR PAINTING
09904 INTERIOR PAINTING
09905 PAINTING AND PROTECTIVE COATINGS

Division 10 - SPECIALTIES

10165 PLASTIC LAMINATE TOILET PARTITIONS
10181 PREFABRICATED SHOWER STALLS
10260 WALL PROTECTION SPECIALTIES
10265 CORNER GUARDS
10416 DIRECTORIES AND BULLETIN BOARDS
10444 SIGNAGE
10500 METAL LOCKERS AND LOCKER BENCHES

Division 11 - EQUIPMENT

11005 EQUIPMENT: BASIC REQUIREMENTS
11060 PUMPING EQUIPMENT: BASIC REQUIREMENTS
11061 NON-CLOG CENTRIFUGAL PUMP
11065 SUMP PUMP
11066 WATER SEAL SYSTEM FOR PUMPS
11069 PROGRESSING CAVITY PUMP
11072 VERTICAL TURBINE (LINE SHAFT) PUMP
11076 SUBMERSIBLE NON-CLOG PUMP
11128 DEWATERING EQUIPMENT
11211 HORIZONTAL END-SUCTION PUMPS
11213 MEMBRANE FEED PUMP
11214 MAGNETIC DRIVE HORIZONTAL END SUCTION PUMPS
11215 HYDRAULIC DIAPHRAGM CHEMICAL METERING PUMPS
11223 INCLINED PLATE SETTLERS
11249 PLASTIC TANKS

11301 MEMBRANE FILTRATION SYSTEM
11340 AUTOMATIC SELF-CLEANING STRAINERS
11341 BASKET STRAINERS
11500 INTERMEDIATE BULK CONTAINERS (TOTES)
11923 LIQUID POLYMER PREPARATION SYSTEM
11948 FLASH MIXERS

Division 12 - FURNISHINGS

12338 LABORATORY CASEWORK
12340 ARCHITECTURAL CASEWORK (AC) PLASTIC LAMINATE FACED
12511 VERTICAL LOUVER BLINDS
12690 ENTRANCE MATS

Division 13 - SPECIAL CONSTRUCTION

13110 CATHODIC PROTECTION
13321 INSTRUMENTATION & CONTROL SYSTEM GENERAL REQUIREMENTS
13325 PROGRAMMABLE LOGIC CONTROL EQUIPMENT
13326 SCADA SYSTEM
13327 PROCESS INSTRUMENTATION GENERAL REQUIREMENTS AND SWITCHES
13328 PROCESS INSTRUMENTATION METERS AND TRANSMITTERS
13329 PROCESS INSTRUMENTATION ANALYZERS
13330 CONTROL PANELS, ENCLOSURES AND PANEL INSTRUMENTS
13441 CONTROL LOOP DESCRIPTIONS
13448 CONTROL PANELS AND ENCLOSURES

Division 15 - MECHANICAL

15060 PIPE AND PIPE FITTINGS: BASIC REQUIREMENTS
15061 PIPE - STEEL
15062 PIPE - DUCTILE
15063 PIPE - COPPER
15064 PIPE - PLASTIC
15065 DOUBLE CONTAINMENT PIPING SYSTEM
15069 PIPE - REINFORCED CONCRETE
15070 PIPE - REINFORCED CONCRETE CYLINDER
15073 PIPE - CAST-IRON SOIL
15074 PIPE - CAST-IRON ACID-RESISTANT WASTE
15075 PIPE - POLYVINYL CHLORIDE (PVC) CHEMICAL WASTE
15090 PIPE SUPPORT SYSTEMS
15100 VALVES - BASIC REQUIREMENTS
15101 GATE VALVES
15102 PLUG VALVES
15103 BUTTERFLY VALVES
15104 BALL VALVES
15105 GLOBE VALVES

15106 CHECK VALVES
15114 MISCELLANEOUS VALVES
15115 WATER CONTROL GATES
15440 PLUMBING FIXTURES AND EQUIPMENT
15510 FIRE HYDRANT
15605 HVAC - EQUIPMENT
15651 EVAPORATIVE AIR-COOLING UNITS
15890 HVAC - DUCTWORK

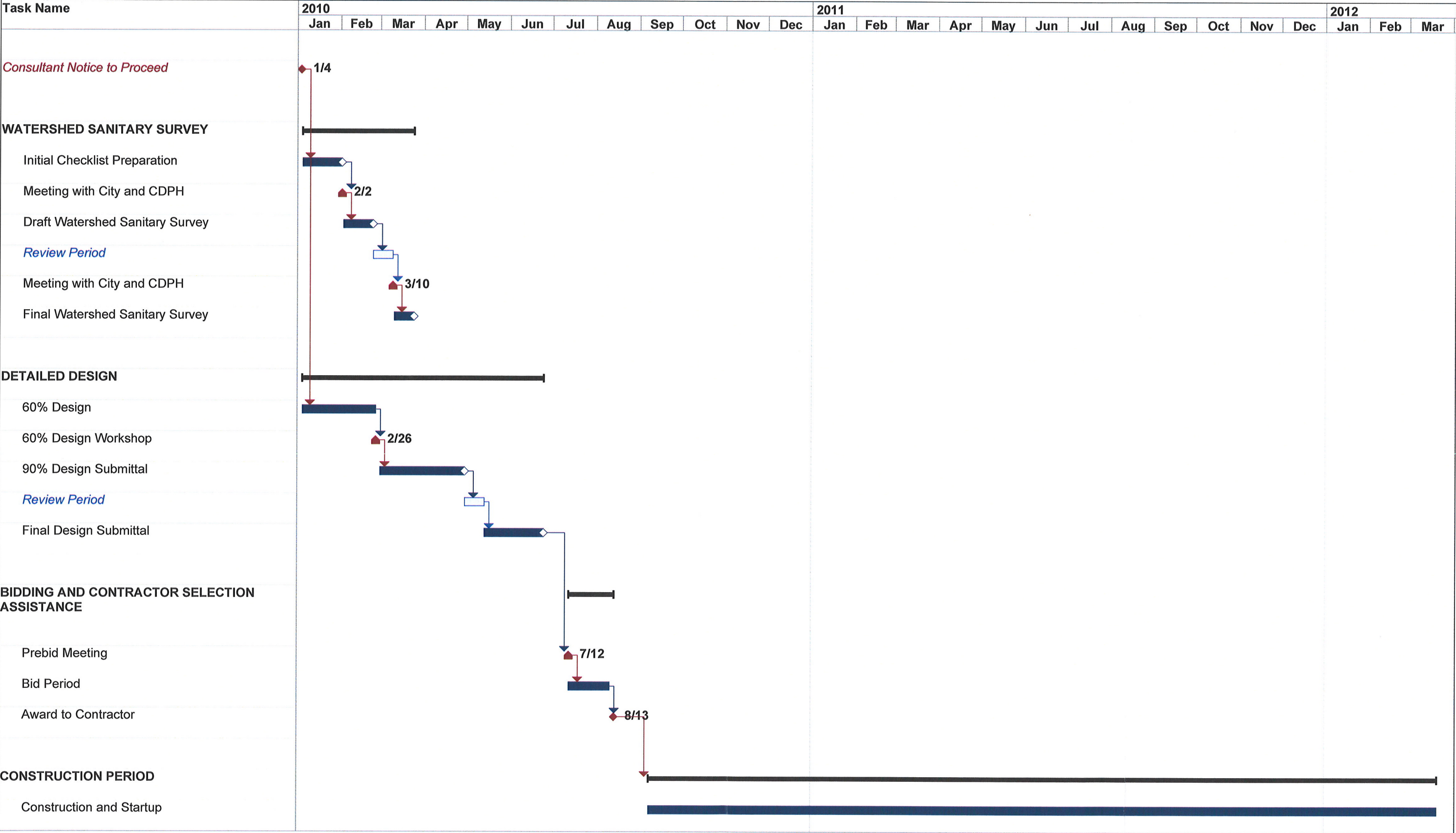
Division 16 - ELECTRICAL

16010 ELECTRICAL: BASIC REQUIREMENTS
16060 GROUNDING
16120 WIRE AND CABLE - 600 VOLT AND BELOW
16130 RACEWAYS AND BOXES
16132 CABLE TRAY
16135 ELECTRICAL - EXTERIOR UNDERGROUND
16220 MOTORS
16230 STANDBY ENGINE GENERATOR
16265 VARIABLE FREQUENCY DRIVES - LOW VOLTAGE
16410 SAFETY SWITCHES
16440 SWITCHBOARDS
16441 PANELBOARDS
16491 LOW VOLTAGE SURGE PROTECTIVE DEVICES (SPD)
16500 INTERIOR AND EXTERIOR LIGHTING
16710 TELECOMMUNICATION SYSTEM
16720 COMMUNICATION SYSTEM

EXHIBIT B - ESTIMATED WORK EFFORT AND COST

City of Lodi
Surface Water Treatment Facility and Transmission Project
Final Design Services

Task No.	Task Description	Principal/ QA/QC	Project Manager	Civil/ Process	Arch	Struct Engr	Mech Engr	Elect Engr	Cost Est	Env	CADD Tech	Admin/ Clerical	Total HDR Labor Hours	Total HDR Labor (\$)	Total HDR Expenses (\$)	Subs (\$)	Total Cost (\$)
Task 1 - Project Management and Quality Assurance/Quality Control (QA/QC)																	
1.1	Project Management	24	140	45								80	289	\$52,905	\$ 5,291	\$ 8,800	\$ 66,996
1.2	QA/QC Program	52										60	112	\$16,147	\$ 1,615	\$ 6,600	\$ 24,362
	Subtotal Task 1	76	140	45	-	-	-	-	-	-	-	140	401	\$69,053	\$ 6,905	\$ 15,400	\$ 91,358
Task 2 - Watershed Sanitary Survey																	
2.1	Background Data Review		2	6						8			16	\$2,766	\$ 277		\$ 3,043
2.2	Watershed and Water Supply System		4	6						4			14	\$2,554	\$ 255		\$ 2,809
2.3	Identification of Potential Contaminant Sources		2							16			18	\$3,362	\$ 336		\$ 3,698
2.4	Water Quality Summary and Review		2	2						2			6	\$1,138	\$ 114		\$ 1,252
2.5	Initial Checklist Preparation (includes one meeting)		2	6						2		2	12	\$1,847	\$ 185		\$ 2,032
2.6	Watershed Management Control Program Definition		2	2						8			12	\$2,210	\$ 221		\$ 2,431
2.7	Report Preparation (includes one meeting)	4	8	22						24	16	26	100	\$14,011	\$ 1,401		\$ 15,412
	Subtotal Task 2	4	22	44	-	-	-	-	-	64	16	28	178	\$27,888	\$ 2,789	\$ -	\$ 30,676
Task 3 - Final Design																	
3.1	60 Percent Design Workshop		8	12	8			8				8	44	\$6,629	\$ 663	\$ 3,000	\$ 10,292
3.2.1	90 Percent Design Specifications	82	37	226	233	201	90	320	80			80	1,350	\$208,018	\$ 20,802	\$ 89,066	\$ 317,886
3.2.2	90 Percent Design Drawings	192	87	528	543	470	209	746	80		3,494		6,350	\$841,485	\$ 84,149	\$207,821	\$1,133,454
3.3	90 Percent Design Workshop		8	8	8			8				8	40	\$6,073	\$ 607		\$ 6,680
3.4	Final Design (Bid Set)	19	8	51	52	45	20	72	90		235	40	633	\$86,364	\$ 8,636	\$ 20,000	\$ 115,000
	Subtotal Task 3	294	149	825	845	716	318	1,154	250	-	3,730	136	8,416	\$1,148,569	\$ 114,857	\$319,887	\$1,583,313
Task 4 - Bidding and Constructor Selection Assistance																	
4.1	Prebid Meeting			4								4	8	\$862	\$ 86		\$ 948
4.2	Bidding Services (up to 3 addenda)		4	8	8			8			24	24	76	\$8,956	\$ 896	\$ 2,500	\$ 12,351
4.3	Conformed Construction Set		4	12	12	4	4	12			40	40	128	\$14,960	\$ 2,196	\$ 1,500	\$ 18,656
	Subtotal Task 4	-	8	24	20	4	4	20	-	-	64	68	212	\$24,777	\$ 3,178	\$ 4,000	\$ 31,955
COLUMN TOTALS		374	319	938	865	720	322	1,174	250	64	3,810	372	9,207	\$1,270,286	\$ 127,729	\$339,287	\$1,737,302



MEMBRANE SYSTEMS EVALUATION

City of Lodi Surface Water Treatment Facility 30 percent Design

November 30, 2009

Reviewed by: Gary Fuller, P.E.

Prepared by: Richard Stratton, P.E.

Introduction

The proposed Surface Water Treatment Facility (SWTF) project will allow for the City of Lodi to utilize the Mokelumne River to supplement the City's existing groundwater supply. Based on the evaluation comparing membranes to conventional treatment performed as part of the Conceptual Design study, the preferred treatment technology for the SWTF is a membrane system. The City has evaluated membrane systems from several suppliers in order to determine the best system for the City's SWTF. This technical memo documents the evaluation process used to select a membrane supplier. Details of membrane filtration alternatives are discussed briefly below.

Membrane Filtration Alternatives

Typical microfiltration (MF) and ultrafiltration (UF) membranes used in drinking water application use a hollow-fiber configuration operating at low pressures. There are two types of configurations for MF/UF membranes – pressure-driven system with membrane modules mounted in pressure vessels operating under positive pressure; and submerged systems with membrane modules mounted in open basin with water drawn through under vacuum.

The drawback of submerged systems is that large diameter piping is required for backwashing and refilling the large basins, which require transferring and handling of large volumes of water. In addition, membrane suppliers that manufacture both pressure and submerged membranes have reported that the pressure membranes would be more cost effective for this size of facility. Another consideration is that currently the only suppliers of submerged membranes are GE-Zenon and Siemens Memcor. Both of these membrane systems have struggled recently with excessive fiber breakage in their submerged systems. For these reasons, submerged membranes will not be considered further.

Pressure Vessel Membranes

Pressure membranes come in two configurations – outside-in (Pall, Memcor) or inside-out (Norit, Metawater). As the name indicates, inside-out membranes are fed on the inside of the fibers where the filtration takes place and collect filtrate on the lumen side of the fibers. Because the fibers have relatively small inside diameters (0.5 – 1.2 mm), fine screens or strainers must be installed to prevent plugging of the fibers. Cleaning of these type of

membranes is done by hydraulic backwash using permeate and periodic chemical cleaning, usually referred to as clean-in-place (CIP), or chemically enhanced backwash (CEB).

Outside-in membranes are commonly used when membrane feed water consists of higher solid loading because plugging of this type of membrane is less of a concern, although material can collect between the fibers if appropriate hydraulic flushing is not achieved. To enhance solids removal, most of these systems use air scouring during the backwash stage. Fine screens or strainers are needed to prevent entry of large particles that could damage the fibers or become lodged in the module.



Pall Pressure Membranes, Yucaipa, CA

Evaluation Procedures

The membrane evaluation is based on a comparison of the following criteria:

- Capital cost (membrane equipment and installation)
- Present worth of membrane system O&M costs (includes power, chemicals, and membrane replacement)
- Fiber breakage track record
- Ease of operation and maintenance

Membrane Manufacturer Information

HDR contacted four reputable membrane suppliers: Pall, Siemens-Memcor, Kruger—Norit, and Kruger Ceramic Membranes (KCM) to obtain information about their systems. Design criteria and features for each supplier are summarized in Table 1. A cost comparison of the listed membrane suppliers is presented in Table 2. The estimates are based on an 8 mgd system with 1 redundant membrane train. Estimates are based on recently bid projects or budget quotations and are meant to be a representative comparison; actual bid results could vary. O&M costs are based on treating 6,000 acre-feet of water per year.

Advantages and disadvantages of the evaluated membrane systems are presented in Table 3.

Table1 - Summary of Proposed Membrane Systems Design Information by Manufacturer

Item	Pall	Siemens-Memcor	Kruger-Norit	Kruger-Ceramic
Configurations	5 trains total, 4 duty, 1 standby	5 trains total, 4 duty, 1 standby	1 train	4 trains total, 3 duty, 1 standby
Membrane type	Pressure	Pressure	Pressure (horizontal)	Pressure
Membrane material	PVDF	PVDF	PES	Ceramic (aluminum oxide)
Firm Capacity	8 MGD	8 MGD	8 MGD	8 MGD
Peak Capacity	10 MGD	10 MGD	10 MGD	10 MGD
Number of Modules per train	84	134	672	55
Water Temperature	15°C Summer, 5°C Winter	15°C Summer, 5°C Winter	15°C Summer, 5°C Winter	15°C Summer, 5°C Winter
Instantaneous Flow per Module	17.5 gpm	10.94 gpm	13.6 gpm	36 gpm
Design Flux	55 - 60 gal/SF/day (gfd)	30.4 gal/SF/day (gfd)	56 gal/SF/day (gfd)	140 gal/SF/day (gfd)
Backwash Interval	30 minutes	22-26 minutes	30 minutes	60 minutes
CIP Interval	60 days	45 days	1 year	180 days
Chlorine Maintenance Wash Interval or Enhanced Flux Maintenance (EFM)	36 hours (EFM)	24 hours	24 hours (CEB)	24 hours
Acid Maintenance Wash Interval (if needed)	120 hours	168 hours	48 hours (CEB)	24 hour
Estimated Recovery	95% (without backwash recovery)	95% (without backwash recovery)	93.3% (without backwash recovery)	>97% (without backwash recovery)

Table2 - Summary of Representative Membrane System Costs by Manufacturer

Cost Item	Pall	Siemens-Memcor	Kruger-Norit	Kruger-Ceramic
Capital Cost	\$3,200,000	\$3,300,000	\$3,280,000	\$6,690,000
Annual Operating Cost (average)	\$73,500	\$85,500	\$93,100	\$80,600
Present Worth Annual cost (i=4%, n=20 yrs)	\$999,000	\$1,162,000	\$1,265,000	\$1,095,000
Total Present Worth	\$4,199,000	\$4,462,000	\$4,545,000	\$7,785,000

Table 3 - Membrane Systems Advantages and Disadvantages

Membrane Supplier	Advantages	Disadvantages
Siemens – Memcor CMF (Pressure, outside-in)	Proven company. Conservative design flux. Competitive initial cost.	Many plants have reported excessive fiber breakage. Difficult to remove modules from rack. Cannot meet HDR membrane fiber breakage specification.
Pall (Pressure, outside-in)	Proven company. Several successful operating installations. No plants reporting significant fiber breakage problems. Can tolerate high turbidity for short durations. Effective maintenance cleaning. Cost competitive.	Tried to operate at too aggressive flux at some installations. Operates typically at higher flux compared to competitors – less conservative design.
Kruger-Norit (pressure, inside out)	Requires less water and energy for backwashing compared to outside-in membranes. No fiber breakage issues reported. CIP only needed once per year.	Limited installations in the US. Fiber failure problems at Minneapolis plant.
Kruger Ceramic (Metawater) Membrane (ceramic, pressure, inside out)	Robust design - zero fiber breakage. Tolerant of high solids loading. Highest flux at comparable pressure. Once or twice CIP per year. Skid shipped preassembled to minimize field error. Lower operating pressure. 20-year life warranty with 10 year cliff.	No operating installations in US, only one 10-mgd facility currently under design. Very high capital cost making them cost prohibitive.

Summary

The key findings from the information provided above is summarized as follows:

1. The Siemens Memcor membranes are ruled out because of fiber breakage problems being reported at several plants coupled with the difficulty in removing the modules to do repairs.
2. The Kruger-Norit pressure membranes have limited installations in the US and are still considered to be unproven. The first installation in the U.S. in Minneapolis, MN suffered many membrane fiber failures.
3. The Kruger Ceramic (Metawater) membranes are also unproven in the U.S. and are not cost competitive due to their over two times higher capital cost when compared to a comparable Pall membrane system.
4. The Pall membranes have several successfully operating systems in California and are cost competitive.

Advantages of Pall Membranes provide a number of advantages for this project, including:

- Capital cost is competitive with other membrane suppliers.
- O&M costs are competitive with other membrane suppliers.
- Membrane fibers have a low incidence of breakage. The present worth of replacement costs is lower than for other membrane systems.
- Highly permeability with typical operating flux of 55 to 60 gfd minimizes the footprint of the membrane system.
- High recovery efficiency that minimizes waste backwash water and treatment costs.
- Over 20 successfully operating installations in California and hundreds world wide.
- Operators contacted report the systems are easy to operate and maintain.

Recommendation

Based on the above considerations, HDR recommends the sole source selection of the Pall Microza Hollow Fiber membrane system for the City of Lodi SWTF. The specifications for the Pall membranes should limit the flux to a relatively conservative rate (<60 gfd) to reduce operating costs and extend membrane life.

RESOLUTION NO. 2009-_____

A RESOLUTION OF THE LODI CITY COUNCIL
AWARDING PROFESSIONAL SERVICES AGREEMENT
FOR VALUE ENGINEERING REVIEW OF SURFACE
WATER TREATMENT FACILITY AND TRANSMISSION
PROJECT PRELIMINARY DESIGN AND FURTHER
APPROPRIATING FUNDS

=====

WHEREAS, the City is moving forward in the process of designing a surface water treatment plant for the water purchased from Woodbridge Irrigation District, and HDR, Inc., has been retained to prepare 30 Percent Preliminary Design documents; and

WHEREAS, while City staff is highly confident in the planning and design experience and qualifications of HDR, Inc., it is a prudent step to perform a value engineering review of the preliminary design documents; and

WHEREAS, objectives of the review include an analysis of plant staffing, treatment processes, equipment, control strategies, building layout, security provisions, constructability and construction cost estimates; and

WHEREAS, the Ecologic team includes specialists in the design and operation of water treatment facilities, and the team's collective experience and numerous advance certifications in the water treatment field well serve the objectives of the review effort.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby award a professional services agreement in the amount of \$50,000 to Ecologic, Inc., of Stockton, California, for value engineering review of Surface Water Treatment Facility and Transmission Project preliminary design; and

BE IT FURTHER RESOLVED that funds in the amount of \$50,000 be appropriated from the Water Capital Fund.

Dated: December 16, 2009

=====

I hereby certify that Resolution No. 2009-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 16, 2009, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

2009-_____

A RESOLUTION OF THE LODI CITY COUNCIL AWARDING
PROFESSIONAL SERVICES AGREEMENT FOR FINAL DESIGN OF
SURFACE WATER TREATMENT FACILITY AND TRANSMISSION
PROJECT, APPROVING SELECTION OF PALL MEMBRANE SYSTEM,
AND FURTHER APPROPRIATING FUNDS

=====

WHEREAS, on April 4, 2007, the City Council gave approval for HDR, Inc., to prepare the Surface Water Treatment Facility Conceptual Design and Feasibility Evaluation and on March 13, 2009, gave approval for HDR, Inc., to prepare the 30 percent preliminary plans and the environmental impact report (mitigated negative declaration); and

WHEREAS, staff recommends awarding a professional services agreement to HDR, Inc., of Folsom, for the final design of the Surface Water Treatment Facility and Transmission Project in the amount of \$1,737,302; and

WHEREAS, the scope of service for the HDR agreement provides for an accelerated design process that will produce bid documents in less than nine months, with the water treatment plant being constructed under a conventional design/bid/build process, and for the development of a preliminary financing plan; and

WHEREAS, staff recommends the approval of the Pall Membrane System for the surface water treatment facility as the Pall Membrane System, when compared to the other most appropriate membrane systems for Lodi, was cost competitive, operates in the preferred outside-in mode, and has superior performance (minimal fiber breakage). In addition, there are several successful operating installations, and the company has a sound reputation; and

WHEREAS, staff recommends the appropriation of \$2,000,000 from the Water Utility Capital Fund to fund the HDR contract and staff support costs.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby award a professional services agreement to HDR, Inc., of Folsom, California, for the final design of the Surface Water Treatment Facility and Transmission Project in the amount of \$1,737,302; and

BE IT FURTHER RESOLVED that the City Council does hereby approve the selection of the Pall Membrane System; and

BE IT FURTHER RESOLVED that funds in the amount of \$2,000,000 be appropriated from the Water Utility Capital Fund for this project.

Dated: December 16, 2009

=====

I hereby certify that Resolution No. 2009-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 16, 2009, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Authorize the City Manager to Engage Lamont Financial Services and Stone and Youngberg LLC for Professional Services Related to Financing the Mokelumne Water Treatment Plant and Adopt a Resolution Declaring Intent to Reimburse Certain Expenditures from Proceeds of Indebtedness

MEETING DATE: December 16, 2009

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Authorize the City Manager to engage Lamont Financial Services and Stone and Youngberg LLC for professional services related to financing the Mokelumne Water Treatment Plant and adopt a resolution declaring intent to reimburse certain expenditures from proceeds of indebtedness.

BACKGROUND INFORMATION: In November 2006, City Council formed a financial services selection committee. At that time, several financial needs for which financial advisory services were needed had been identified, including expansion of the wastewater plant, refinancing of Electric Utility bonds and Electric Utility bond swaps. Lamont Financial Services was recommended to provide Financial Advisory Services (FA), and Stone & Youngberg were recommended to provide underwriting and investment banking services. The City again needs financial advisory services for the new water treatment plant.

The firms of Lamont Financial and Stone and Youngberg, LLC have served the City well in recently completed financings. We request that Council approve continuing to use the services of these firms on upcoming financings. Financial advisors and bond underwriters are typically paid with the proceeds from bond issues resulting in no out-of-pocket costs to the City. However, while typically underwriters are not paid unless there is a successful financing, financial advisors are paid regardless in order to avoid a conflict with a final debt offering.

Both Lamont and Stone and Youngberg have displayed a very high degree of customer service. Lamont has consistently been available to provide uncompensated advice and counsel, and Stone and Youngberg in 2008, while serving as the banker for the 2008 Electric Utility bond refinancing, stepped in and underwrote \$30 million of unsold bonds that allowed Lodi to have a successful bond sale. Stone and Youngberg has an above average level of experience with Mello-Roos and assessment district financing that will be an advantage to insure costs are appropriately spread.

Lamont proposes a not-to-exceed fee for service of \$60,000 and the fee for Stone and Youngberg is subject to negotiation, which will be returned to Council for later approval.

City staff will shortly begin a selection process to add bond counsel to the financing team. A separate approval by City Council of a bond counsel will be brought back at a later date.

APPROVED: _____
Blair King, City Manager

A resolution declaring intent to reimburse certain expenditures from proceeds of bonded indebtedness is a common vehicle that allows an issuer to include costs incurred prior to bond issuance in the face amount of the bonds, thereby reimbursing the issuer for the costs incurred to date. Such costs can be for soft cost items such as design and engineering as well as hard construction costs.

The resolution does not commit the City to make any expenditures, incur any indebtedness, seek other financing means, or proceed with the project. The resolution simply provides the City with the ability to seek reimbursement for already incurred and future costs should the City proceed with bonded indebtedness. This resolution is solely for the purposes of establishing compliance with the requirements of Treasury Regulations Section 1.150-2.

FISCAL IMPACT: Adoption of the attached resolution will allow the City to reimburse itself for any costs incurred. Lamont fee is not to exceed \$60,000 and probably will be paid from bond proceeds.

FUNDING AVAILABLE: Potential bond proceeds.

Jordan Ayers
Deputy City Manager/Internal Services Director

Lamont Financial Services

November 24, 2009

Mr. Blair King
City Manager
City of Lodi
221 West Pine Street
Lodi, California 95241-1910

Re: Financial Advisory Services Agreement/Surface Water Treatment Plant

Dear Blair:

This letter ("Agreement") will set out the terms under which Lamont Financial Services Corporation ("Lamont") will provide certain financial advisory services for the City of Lodi ("City"). The services to be provided relate to the City's effort to construct a Surface Water Treatment Plant and the development of a Plan of Finance to support the revenues required for debt issuance and operations.

Proposed Scope of Services:

Provided below is a general listing of financial advisory services to be provided by Lamont to the City. The advisory assignment will include the review of the City's Water System Enterprise Operation including debt capacity based on expected new system revenues and cost sharing alternatives of a new Water Treatment Facility. Additional services will include:

- Provide detail financial analysis to assist the City in determining the overall cost in constructing the Surface Treatment Plant,
- Develop and present to the City a Financial Evaluation of the potential cost sharing alternatives for the construction and operation of the Facility i.e. new development contribution,
- Provide financial analysis for the potential benefits offered by the creation of a Community Facilities District ("CFD") that may offset the System's Facility costs,
- Review the credit and rating implications of particular debt structuring alternatives unique to the Facility that may impact the System's long-term capital program,
- Prepare financing time schedule with the City staff, rating presentation and bond document coordination,
- Work closely with the underwriting team to establish pricing for the Facility debt offering.

Pricing of Services

- 1) We have prepared a fee proposal for your consideration. The team proposes a not to exceed \$60,000 fee for professional services related to the services to be provided under Proposed Scope of Services. If the project is prolonged due to external events, we would request the City's consideration to revisit our proposed fee for a justified adjustment. Lamont will bill on a blended hourly rate of \$250 for all senior level personnel working with the City. Billings will represent tasks approved by the City and will be billed for actual hours. Funds remaining after the contract period will remain with the City.
- 2) Expenses: \$2,500 lump-sum fee.

Contact person. The initial contact at Lamont for the services described herein is as follows:
For Financial Advisory Services:

Thomas B. Dunphy.
Lamont Financial Services
3569 Perada Drive
Walnut Creek, CA 94598
(925) 937-4958; (925) 937-3383 fax
TDunphy@Lamontfin.com

We look forward to serving the City. We are confident that the experience, personnel and commitment to excellence of the team assembled for this assignment will provide a standard of service to the City necessary to meet present and future program and financial challenges.

Sincerely,

Thomas Dunphy
Executive Vice President
Lamont Financial Services

APPROVED AND ACCEPTED:
City of Lodi

By: _____
Authorized Officer



November 25, 2009

Blair King
City Manager
City of Lodi
221 West Pine Street
Lodi, CA 95241

Dear Blair:

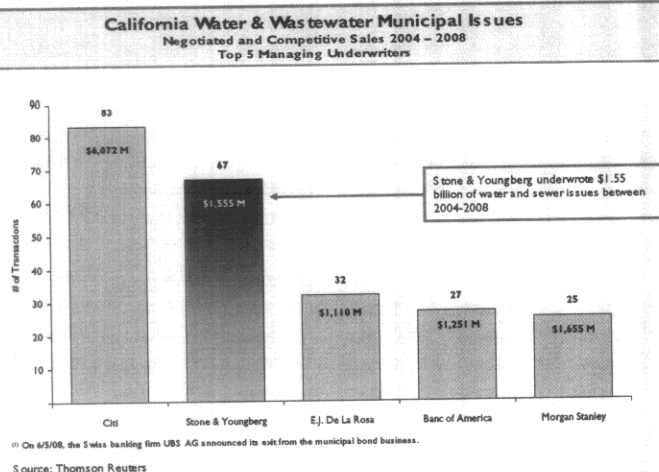
On behalf of Stone & Youngberg, I am pleased to submit our qualifications and a fee proposal to provide underwriting services to the City of Lodi for its proposed Water Treatment Plant financing. Our proposal addresses the possibility of either Water Revenue Bonds, taxable Water Revenue Build America Bonds or Mello Roos Special Tax Bonds. The following points highlight our credentials.

Leader in Local Government Public Finance. Stone & Youngberg is the West Coast's largest regional investment banking firm specializing in fixed income securities. The firm has underwritten over 1,142 individual financings totaling \$24.6 billion in the five year period ending on December 31, 2008. These include over 726 financings totaling \$16.6 billion for California local governmental entities – more than any other investment banking firm. In addition, the firm has been repeatedly selected by the State of California for senior-manager, co-manager and selling group member roles on financings for the State and its agencies.

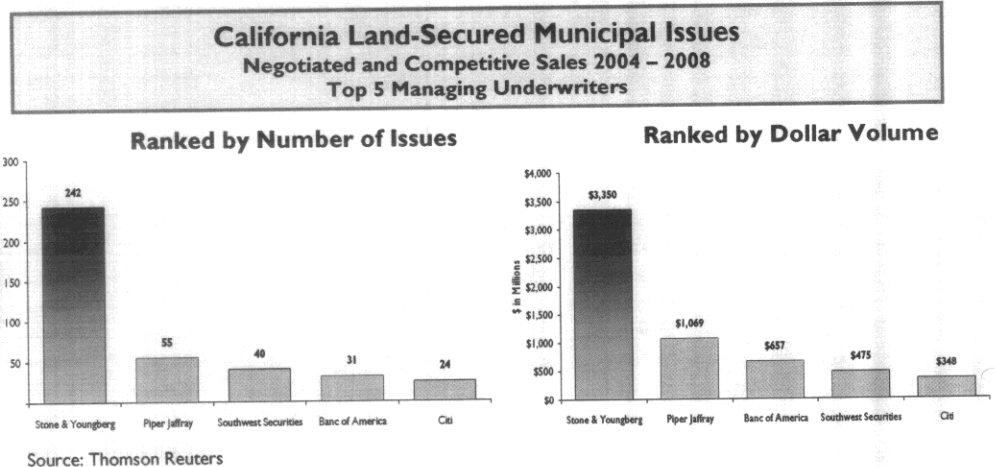
Leader in Water/Wastewater Financings. Stone & Youngberg was founded in 1931 to help Central Valley irrigation districts finance their capital needs during the Great Depression. The firm has continued this focus on California water and wastewater financings ever since. Between 2004 and 2008, Stone & Youngberg structured and underwrote 67 separate water or wastewater issues for local California issuers. These financings represent a dollar volume of \$1.55 billion, as shown in the chart below. In 2009 to date, the firm has underwritten over 15 water or wastewater financings totaling \$754 as sole or lead manager. A listing of recent transactions is provided as Appendix A.

Our recent water and wastewater clients include the cities of Clovis, Garden Grove, Redlands, Brea, Lodi, Millbrae, Hollister, Sacramento and Stockton, the Castaic Lake Water Agency, Amador Water Agency, Dublin San Ramon Services District,

Alameda County Water District, East Bay Municipal Utility District, Fairfield-Suisun Sewer District, Truckee Donner Public Utility District, Sacramento County Water Agency, and the San Jose-Santa Clara Clean Water Financing Authority.



Land-Secured Financing Experience. Stone & Youngberg brings distinctive expertise to the specialized area of assessment and community facilities district financings (known as “land-secured” bonds), routinely underwriting more - both by number of issues and dollar volume - than any other firm. In the five-year period ending December 31, 2008, the firm structured 216 Mello-Roos financings totaling \$3.1 billion and 26 assessment district bond financings totaling \$243 million. No other firm has the experience, expertise and commitment to serving the needs of public agencies issuing land-secured debt that Stone & Youngberg brings to these complicated issues.



On-the-Market Pricing and Willingness to Commit Capital. Stone & Youngberg’s consistent underwriting and trading volume is the result of a focused sales force, a broad investor clientele, and national market recognition in the distribution of municipal securities. The firm’s commitment to municipal finance and effective distribution translate into cost-effective interest rates for our issuer clients. As an independently owned firm focused principally on municipal finance, we are able to commit capital on behalf of our issuer clients to secure attractive interest rates. Our performance on the City’s Electric Revenue Bond sale in July 2008 is a great example of this practice at work. The weekend before the City’s bonds were scheduled to price, the federal government announced that it would take over Fannie Mae and Freddie Mac. Stone & Youngberg proceeded with the pricing of the Assured Guaranty-insured bonds in a very challenging market to meet the City’s hard and fast closing date. With few investors willing to purchase bonds in such an unsettled market, Stone & Youngberg stepped up to underwrite more than \$30.9 million of unsold bonds, or 51% of the total, into inventory. The day after the sale, Moody’s announced its intention to review Assured Guaranty’s ratings for possible downgrade, causing an immediate market aversion to all Assured Guaranty-insured bonds. Despite this development, Stone & Youngberg remained committed to the City’s transaction and delivered funds to the closing as scheduled. Other examples of similar capital commitments are summarized below:

Stone & Youngberg Select Underwriting Commitments				
Date	Issuer	Par Amount	\$ Underwritten	% Underwritten
March 2009	City of Las Vegas	\$85,000,000	\$17,500,000	20.5%
January 2009	Metropolitan Water District	\$200,000,000	\$53,000,000	26.5%
August 2008	Grossmont Union HSD	\$88,159,578	\$27,420,000	31.1%
September 2008	State of CA I-Bank	\$48,375,000	\$27,350,000	56.6%

Fee Proposal. Stone & Youngberg’s compensation is taken in the form of an underwriting discount and is largely a function of the structure, size, tax status and credit quality of the issue, and the volatility of the capital markets. Our underwriting fees consist of three components: a

management fee, sales compensation or takedown and expenses. Fee ranges are provided for each component assuming a variety of bond structures.

(1) **Management Fee:** The management fee compensates us for the banking work needed to structure the transaction, guide the preparation of the legal documents and credit presentation, and conduct financial and options analysis. This fee will depend, in part, upon the division of labor between our staff and the City's financial advisor. For a straightforward water revenue bond, we propose a management fee in the range of \$25,000 to \$55,000. If the City were to use Build America Bonds (authorized by the American Recovery and Reinvestment Act of 2009 and available through the end of 2010), our management fee would increase by \$5,000 to account for the additional complexity. For Mello Roos special tax bonds, we propose a management fee in the range of \$40,000 to \$75,000, depending upon the credit quality and timeline to complete the transaction.

(2) **Takedown:** The largest component of our discount is the takedown, which compensates our sales force for selling the bonds. During the market tumult of late 2008 and early 2009, much higher takedowns were required to complete a successful bond sale due to the widespread investor retreat. In the last few months, the market has been operating in a more orderly fashion again. *Assuming such relatively stable conditions continue*, we propose the following average takedowns: \$4.85 per \$1,000 of bonds for a straightforward water revenue bonds with an A or AA category rating, \$5.85 for similarly-rated taxable water revenue Build America Bonds, and \$10.00 for non-rated Mello Roos special tax bonds. If market conditions were to deteriorate significantly at the time of the City's bond sale, we'd note that higher takedowns might be required.

(3) **Expenses:** The bulk of our expenses are regulatory fees, travel expenses and conference calls. Our estimated itemized expenses are presented at right. We would not require an Underwriter's Counsel for a investment-grade rated transaction if the City were to hire its own Disclosure Counsel and that firm would be willing to provide a 10(b)5 opinion to us. For a non-rated financing, we would require Underwriter's Counsel and estimate an additional expense of \$15,000. If the City prefers that we hire Underwriter's Counsel to prepare the Official Statement, then we'd estimate an additional expense of from \$25,000 to \$55,000.

Estimated Expenses	
CUSIP Fees	430
SIFMA Fees	1,050
Cal PSA Fees	350
CDIAC	3,000
DTC Fee	337
Day Loan	972
Internet Posting of OS	500
Blue Sky filing	500
Handling fee	2,250
Travel, delivery, conference calls, etc.	2,500
Other expenses	1,611
Total	\$13,500

Summary: The table below provides you with an indicative idea of our all-in underwriter's discount proposal for a \$35 million financing, with the caveats noted above. We believe these fees to be competitive and fair. However, we are eager to work on this financing and would be willing to discuss this proposal further, as necessary.

City of Lodi Water Treatment Plant Financing

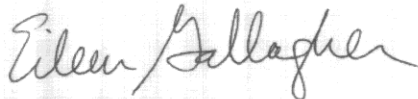
Indicative Summary Undewriting Proposal for a \$35 Million Financing

	Water Revenue Bonds (A or AA rating)		Water Revenue BABs (A or AA rating)		Special Tax Bonds (Non-rated)	
	\$ Per \$1,000	Total	\$ Per \$1,000	Total	\$ Per \$1,000	Total
Average Takedown	\$4.85	\$169,750	\$5.85	\$204,750	\$10.00	\$350,000
Management Fee	1.00	35,000	1.14	40,000	1.43	50,000
Underwriter's Counsel *	0.00	0	0.00	0	0.43	15,000
Expenses	0.39	13,500	0.39	13,500	0.39	13,500
Total	\$6.24	\$218,250	\$7.38	\$258,250	\$12.24	\$428,500

* Assumes City-hired Disclosure Counsel prepares the Official Statement. We would only require a separate Underwriter's Counsel for a non-rated financing. If Underwriter's Counsel were to prepare the Official Statement, we'd expect an additional expense of \$25,000 to \$55,000.

Stone & Youngberg has earned a reputation for honest, thoughtful, energetic service to our clients for nearly 80 years. We appreciate the opportunity to present our qualifications and look forward to earning this business.

Sincerely,



Eileen Gallagher
Managing Director
(415) 445-2311
egallagher@syllc.com

Appendix A
Stone & Youngberg Water and Wastewater Financing Experience Since 2005

Dated Date	Issuer Name	Par	S&Y Role	Sale
12/03/2009	Central Contra Costa Sanitary District	\$ 34,490,000	Sole	Negotiated
12/02/2009	California Department of Water Resources	169,115,000	Lead	Negotiated
11/12/2009	Central Contra Costa Sanitary District	19,635,000	Sole	Negotiated
10/22/2009	Whittier Utility Authority	3,150,000	Sole	Negotiated
10/22/2009	Whittier Utility Authority	5,945,000	Sole	Negotiated
10/14/2009	Alameda County Water District	26,340,000	Sole	Negotiated
09/03/2009	Indian Wells Valley Water District	20,000,000	Sole	Competitive
08/20/2009	Riverside, City of	36,835,000	Co	Negotiated
08/20/2009	Riverside, City of	240,910,000	Co	Negotiated
08/11/2009	Mesa Consolidated Water District	14,700,000	Sole	Negotiated
07/21/2009	Culver City	20,085,000	Sole	Negotiated
07/02/2009	South Bayside System Authority	55,855,000	Sole	Negotiated
06/30/2009	Tulare, City of	54,775,000	Sole	Negotiated
06/26/2009	San Diego Public Facilities Financing Authority	328,060,000	Co	Negotiated
06/25/2009	Metropolitan Water District of Southern California	91,165,000	Co	Negotiated
06/10/2009	Metropolitan Water District of Southern California	106,690,000	Co	Negotiated
06/10/2009	Metropolitan Water District of Southern California	78,385,000	Co	Negotiated
05/28/2009	Lynwood Utility Authority	5,735,000	Co	Negotiated
05/21/2009	Brea Public Financing Authority	12,855,000	Sole	Negotiated
05/21/2009	Brea Public Financing Authority	12,945,000	Sole	Negotiated
05/20/2009	Metropolitan Water District of Southern California	104,160,000	Sole	Negotiated
01/27/2009	Metropolitan Water District of Southern California	200,000,000	Lead	Negotiated
12/31/2008	South Bayside System Authority	10,000,000	Sole	Negotiated
12/18/2008	Oceanside, City of	10,540,000	Sole	Negotiated
11/25/2008	Lynwood Utility Authority	9,755,000	Co	Negotiated
08/28/2008	Lomita, City of	7,550,000	Sole	Negotiated
07/31/2008	Metropolitan Water District of Southern California	79,045,000	Co	Negotiated
06/11/2008	Chino Basin Desalter Authority	89,440,000	Sole	Negotiated
05/29/2008	Millbrae Public Financing Authority	3,965,000	Sole	Negotiated
05/01/2008	Los Angeles Wastewater System	31,900,000	Sole	Negotiated
05/01/2008	California Department of Water Resources	632,890,000	Co	Negotiated
12/20/2007	San Joaquin County Public Facilities Financing Corp	8,450,000	Sole	Negotiated
12/05/2007	Lodi, City of	30,320,000	Lead	Negotiated
11/20/2007	Badger Water Facilities Financing Authority	20,685,000	Co	Competitive
11/15/2007	Fairfield, City of	84,466,697	Sole	Negotiated
06/13/2007	Santa Rosa, City of	67,010,000	Sole	Negotiated
05/30/2007	Hollister Joint Powers Financing Authority	6,860,000	Sole	Negotiated
05/23/2007	Metropolitan Water District of Southern California	400,000,000	Co	Negotiated
05/09/2007	Sacramento County Water Financing Authority	184,500,000	Co	Negotiated
03/15/2007	Clovis Public Financing Authority	68,540,000	Sole	Negotiated
01/30/2007	Crescenta Valley Water District	10,070,000	Sole	Negotiated
12/20/2006	Hollister Joint Powers Financing Authority	120,535,000	Sole	Negotiated
10/26/2006	Richmond, City of	16,570,000	Sole	Negotiated
10/26/2006	Richmond, City of	32,260,000	Sole	Negotiated
09/21/2006	Cucamonga Valley Water District	21,610,000	Sole	Negotiated
08/23/2006	Metropolitan Water District of Southern California	200,000,000	Co	Negotiated
03/16/2006	Vallejo Sanitation and Flood Control District	39,665,000	Sole	Negotiated
12/13/2005	Los Angeles, City of	300,655,000	Co	Competitive
09/22/2005	Avenal Public Financing Authority	9,660,000	Sole	Negotiated

City of Lodi Water Treatment Plant Financing

07/28/2005	Metropolitan Water District of Southern California	100,000,000	Co	Negotiated
06/08/2005	Rohnert Park, City of	13,000,000	Sole	Negotiated
05/05/2005	Clovis Public Financing Authority	25,735,000	Sole	Negotiated
04/28/2005	Oxnard Financing Authority	20,955,000	Lead	Negotiated
04/20/2005	Santa Fe Springs Public Financing Authority	3,705,000	Sole	Negotiated
03/23/2005	Fairfield, City of	47,085,000	Sole	Negotiated
03/17/2005	Santa Cruz County Sanitation District	9,335,000	Sole	Negotiated

56 Transactions Totaling \$4.36 Billion Par Value

Appendix B Stone & Youngberg Land Secured Financing Experience Since 2005

Dated Date	Issuer Name	Par	S&Y Role	Sale
11/18/2009	Los Altos, City of	\$ 662,880	Sole	Negotiated
11/05/2009	Riverside Unified School District	5,465,000	Sole	Negotiated
07/09/2009	Piedmont, City of	3,200,000	Sole	Negotiated
07/09/2009	Piedmont, City of	205,000	Sole	Negotiated
07/02/2009	Poway Unified School District PFA	8,995,000	Sole	Negotiated
06/16/2009	Placentia Public Financing Authority	9,715,000	Sole	Negotiated
05/14/2009	Los Altos Hills, Town of	3,143,364	Sole	Negotiated
03/12/2009	Carpinteria Sanitary District	6,053,439	Sole	Negotiated
01/29/2009	Saugus Union School District	8,275,000	Sole	Negotiated
01/29/2009	Saugus Union School District	4,810,000	Sole	Negotiated
12/23/2008	Malibu, City of	4,365,000	Sole	Negotiated
12/10/2008	Eastern Municipal Water District	1,205,000	PA	PrivatePlacement
12/09/2008	Elk Grove Unified School District	30,575,000	FA	Competitive
12/09/2008	Elk Grove Unified School District	651,133	FA	Competitive
10/16/2008	Sacramento Area Flood Control Agency	84,965,000	Co	Negotiated
08/27/2008	Yolo, County of	6,405,000	Member	Competitive
08/21/2008	San Diego, City of	12,365,000	Sole	Negotiated
07/30/2008	Lammersville School District	1,895,000	Sole	Negotiated
07/02/2008	Dana Point, City of	8,710,000	Sole	Negotiated
04/10/2008	San Diego, City of	3,950,000	Lead	Negotiated
04/03/2008	Fairfield, City of	18,095,000	Sole	Negotiated
04/03/2008	Fairfield, City of	15,510,000	Sole	Negotiated
03/26/2008	Eastern Municipal Water District	5,110,000	Sole	Negotiated
03/26/2008	Poway Unified School District	48,420,000	Sole	Negotiated
02/21/2008	Carlsbad, City of	18,175,000	Sole	Negotiated
01/30/2008	Etiwanda School District	62,295,000	Sole	Negotiated
01/30/2008	Stockton Public Financing Authority	12,745,000	Sole	Negotiated
01/08/2008	Riverside, County of	11,585,000	Sole	Negotiated
01/08/2008	Lincoln Unified School District	729,850	Sole	Negotiated
12/12/2007	Etiwanda School District	7,090,000	Sole	Negotiated
12/06/2007	Aliso Viejo, City of	34,070,000	Sole	Negotiated
12/04/2007	Lake Elsinore Unified School District	1,720,000	Sole	Negotiated
12/04/2007	Rocklin Unified School District	6,793,381	Sole	Negotiated
12/04/2007	Rocklin Unified School District	26,625,000	Sole	Negotiated
12/04/2007	Rocklin Unified School District	12,309,968	Sole	Negotiated
11/21/2007	San Jacinto Unified School District	1,460,000	Sole	Negotiated
11/20/2007	Etiwanda School District	10,300,000	Sole	Negotiated
11/14/2007	Tejon Ranch PFFA	6,100,000	Sole	Negotiated
11/13/2007	Lincoln Unified School District	4,890,753	Sole	Negotiated

City of Lodi Water Treatment Plant Financing

11/01/2007	ABAG Finance Authority	3,270,000	Sole	Negotiated
10/31/2007	ABAG Finance Authority	11,000,000	Sole	Negotiated
10/25/2007	Sacramento, City of	11,465,000	Sole	Negotiated
09/06/2007	Eastern Municipal Water District	5,675,000	Sole	Negotiated
09/06/2007	Sacramento, County of	14,415,000	Sole	Negotiated
09/06/2007	Tustin, City of	53,570,000	Co	Negotiated
08/23/2007	Palmdale, City of	2,135,000	Sole	Negotiated
08/23/2007	Palmdale, City of	8,250,000	PA	PrivatePlacement
08/23/2007	Palmdale, City of	3,205,000	Sole	Negotiated
08/23/2007	Palmdale, City of	6,460,000	PA	PrivatePlacement
08/08/2007	Eastern Municipal Water District	8,170,000	Sole	Negotiated
08/06/2007	Lake Berryessa Resort Impvt District	4,755,841	Sole	Negotiated
07/26/2007	Poway Unified School District	37,910,000	Sole	Negotiated
07/12/2007	San Marcos Public Facilities Authority	26,405,000	Lead	Negotiated
07/11/2007	Eastern Municipal Water District	1,180,000	Sole	Negotiated
06/28/2007	Del Mar Union School District	19,955,000	Sole	Negotiated
06/26/2007	ABAG Finance Authority	112,545,000	Lead	Negotiated
06/26/2007	ABAG Finance Authority	45,560,000	Lead	Negotiated
06/20/2007	Eastern Municipal Water District	2,060,000	Sole	Negotiated
06/20/2007	Eastern Municipal Water District	1,435,000	Sole	Negotiated
06/20/2007	Poway Unified School District PFA	69,945,000	Sole	Negotiated
06/14/2007	Chino, City of	23,715,000	Sole	Negotiated
06/05/2007	Davis, City of	14,115,000	Sole	Negotiated
05/30/2007	Eastern Municipal Water District	3,175,000	Sole	Negotiated
05/10/2007	Manteca Unified School District	3,120,000	Sole	Negotiated
05/10/2007	Manteca Unified School District	8,225,000	Sole	Negotiated
05/03/2007	Hesperia Unified School District	8,500,000	Sole	Negotiated
05/02/2007	Bakersfield, City of	5,010,000	Sole	Negotiated
04/26/2007	Lake Elsinore Unified School District	3,955,000	Sole	Negotiated
04/12/2007	Moreno Valley Unified School District	4,000,000	Sole	Negotiated
04/05/2007	Menifee Union School District	2,040,000	Sole	Negotiated
03/29/2007	Alvord Unified School District	4,560,000	Sole	Negotiated
03/29/2007	Alvord Unified School District	4,360,000	Sole	Negotiated
03/28/2007	Imperial, County of	2,105,000	Sole	Negotiated
03/22/2007	Orange Unified School District	5,920,000	Sole	Negotiated
03/22/2007	Moreno Valley Unified School District	11,235,000	Sole	Negotiated
02/28/2007	Anaheim, City of	9,060,000	Sole	Negotiated
02/27/2007	Lake Elsinore School Financing Authority	39,995,000	Sole	Negotiated
02/07/2007	Azusa, City of	71,125,000	Sole	Negotiated
01/25/2007	Rancho Cucamonga, City of	2,980,000	Sole	Negotiated
01/25/2007	Rancho Cucamonga, City of	5,800,000	Sole	Negotiated
01/24/2007	Temecula Valley Unified School District	12,700,000	Sole	Negotiated
12/21/2006	Fontana, City of	26,815,000	Sole	Negotiated
12/21/2006	Chino Public Financing Authority	10,545,000	Sole	Negotiated
12/19/2006	Menifee Union School District	10,900,000	Sole	Negotiated
12/14/2006	Moreno Valley Unified School District	4,260,000	Sole	Negotiated
12/07/2006	Sacramento, City of	26,210,000	Sole	Negotiated
11/15/2006	Carson Public Financing Authority	25,000,000	Sole	Negotiated
11/15/2006	Carson Public Financing Authority	7,955,000	Sole	Negotiated
11/08/2006	Eastern Municipal Water District	3,500,000	Sole	Negotiated
11/08/2006	Palmdale, City of	2,220,000	Sole	Negotiated
11/01/2006	Escondido, City of	18,080,000	Sole	Negotiated
11/01/2006	Eastern Municipal Water District	3,975,000	Sole	Negotiated
10/26/2006	Chino, City of	9,545,000	Sole	Negotiated

City of Lodi Water Treatment Plant Financing

10/12/2006	Temecula Valley Unified School District	9,945,000	Sole	Negotiated
09/28/2006	Eastern Municipal Water District	9,350,000	Sole	Negotiated
09/28/2006	San Jacinto Unified School District	2,690,000	Sole	Negotiated
09/21/2006	Murrieta Valley Unified School District	5,105,000	Sole	Negotiated
09/12/2006	Lathrop, City of	50,000,000	Sole	Negotiated
09/07/2006	Eastern Municipal Water District	6,000,000	Sole	Negotiated
09/07/2006	Eastern Municipal Water District	13,445,000	Sole	Negotiated
09/01/2006	Temecula Public Financing Authority	3,075,000	Sole	Negotiated
09/01/2006	Temecula Public Financing Authority	14,470,000	Sole	Negotiated
08/30/2006	Western Riverside Water and Wastewater Financing Authority	40,615,000	Sole	Negotiated
08/30/2006	Western Riverside Water and Wastewater Financing Authority	4,400,000	Sole	Negotiated
08/29/2006	Lincoln Unified School District	14,750,000	Sole	Negotiated
08/25/2006	Coachella Valley Water District	8,239,480	Sole	Negotiated
08/24/2006	Lammersville School District	25,000,000	Sole	Negotiated
08/24/2006	Roseville, City of	42,650,000	Lead	Negotiated
08/16/2006	Ione, City of	3,225,000	Sole	Negotiated
08/16/2006	Ione, City of	3,845,000	PA	Negotiated
08/16/2006	Ione, City of	1,550,000	PA	PrivatePlacement
08/16/2006	Ione, City of	10,855,000	PA	PrivatePlacement
08/10/2006	San Jacinto Unified School District	2,565,000	Sole	Negotiated
08/10/2006	RNR School Financing Authority	21,025,000	Sole	Negotiated
08/08/2006	Rialto, City of	5,035,000	Sole	Negotiated
08/03/2006	Roseville, City of	22,095,000	Co	Negotiated
07/20/2006	Tracy, City of	10,660,000	Sole	Negotiated
07/20/2006	Riverside, County of	5,100,000	Sole	Negotiated
07/20/2006	Murrieta Valley Unified School District	5,640,000	Sole	Negotiated
07/20/2006	Riverside, County of	3,505,000	Sole	Negotiated
07/13/2006	San Diego, City of	16,000,000	PA	PrivatePlacement
07/13/2006	Rancho Cucamonga, City of	43,545,000	Sole	Negotiated
07/13/2006	Menifee Union School District	4,740,000	Sole	Negotiated
07/06/2006	Eastern Municipal Water District	3,750,000	Sole	Negotiated
07/06/2006	Eastern Municipal Water District	890,000	Sole	Negotiated
06/22/2006	Poway Unified School District	51,515,000	Sole	Negotiated
06/22/2006	Poway Unified School District	51,495,000	Sole	Negotiated
06/20/2006	Chula Vista, City of	16,950,000	Sole	Negotiated
06/15/2006	Eastern Municipal Water District	6,785,000	Sole	Negotiated
06/08/2006	ABAG Finance Authority	5,825,000	Lead	Negotiated
05/24/2006	Moreno Valley Unified School District	5,000,000	Sole	Negotiated
05/24/2006	Seal Beach, City of	8,800,000	Sole	Negotiated
05/17/2006	Chula Vista, City of	16,620,000	Sole	Negotiated
05/11/2006	Carlsbad, City of	11,490,000	Sole	Negotiated
05/10/2006	Sacramento, City of	19,025,000	Sole	Negotiated
04/27/2006	Temecula Public Financing Authority	51,250,000	Sole	Negotiated
04/27/2006	San Jacinto Unified School District	2,330,000	Sole	Negotiated
04/26/2006	Chino, City of	6,055,000	Sole	Negotiated
04/05/2006	Chino, City of	25,615,000	Sole	Negotiated
02/16/2006	Menifee Union School District PFA	37,325,000	Sole	Negotiated
02/09/2006	Burbank, City of	6,155,000	Sole	Negotiated
02/02/2006	Menifee Union School District	4,625,000	Sole	Negotiated
01/25/2006	William S. Hart Union HSD	18,605,000	Sole	Negotiated
01/25/2006	Saugus Union School District	16,055,000	Sole	Negotiated
01/19/2006	Orange Unified School District	6,540,000	Sole	Negotiated

City of Lodi Water Treatment Plant Financing

12/29/2005	Lincoln Unified School District	14,995,814	Sole	Negotiated
12/28/2005	Eastern Municipal Water District	4,988,209	Sole	Negotiated
12/22/2005	Tracy Operating Partnership JPA	14,965,000	Sole	Negotiated
12/21/2005	Bakersfield, City of	15,595,000	Sole	Negotiated
12/21/2005	Chula Vista, City of	12,230,000	Sole	Negotiated
12/21/2005	Jurupa Unified School District	3,170,000	Sole	Negotiated
12/15/2005	Lake Elsinore Unified School District	3,435,000	Sole	Negotiated
12/15/2005	Schell-Vista Fire Protection District	403,463	Sole	Negotiated
12/13/2005	Mission Springs Water District	7,200,000	Sole	Negotiated
12/08/2005	Moreno Valley Unified School District	27,935,000	Sole	Negotiated
12/06/2005	Chula Vista, City of	22,565,000	Sole	Negotiated
12/01/2005	Dry Creek Joint Elementary SD	3,150,000	Sole	Negotiated
11/30/2005	South Orange County PFA	84,015,000	Sole	Negotiated
11/29/2005	Eastern Municipal Water District	11,735,000	Sole	Negotiated
11/29/2005	Eastern Municipal Water District	2,815,000	Sole	Negotiated
11/22/2005	Poway Unified School District	44,305,000	Sole	Negotiated
11/22/2005	Poway Unified School District	30,000,000	Sole	Negotiated
11/17/2005	Roseville, City of	9,165,000	Sole	Negotiated
11/16/2005	Rio Elementary School District	30,725,000	Sole	Negotiated
11/16/2005	Eastern Municipal Water District	1,800,000	Sole	Negotiated
11/16/2005	Eastern Municipal Water District	525,000	Sole	Negotiated
11/01/2005	Elk Grove Unified School District	43,540,000	Lead	Competitive
10/27/2005	Moreno Valley Unified School District	5,580,000	Sole	Negotiated
10/20/2005	Yuba, County of	13,895,000	Sole	Negotiated
10/20/2005	Rocklin, City of	13,645,000	Lead	Competitive
10/18/2005	Lathrop, City of	8,255,000	Sole	Negotiated
10/18/2005	Rancho Cucamonga, City of	9,835,000	Sole	Negotiated
10/13/2005	Lake Elsinore Unified School District	7,255,000	Sole	Negotiated
10/06/2005	San Jacinto Unified School District	2,450,000	Sole	Negotiated
09/21/2005	Yucaipa-Calimesa Joint USD	1,380,000	Sole	Negotiated
09/21/2005	Eastern Municipal Water District	6,000,000	Sole	Negotiated
09/21/2005	Eastern Municipal Water District	3,500,000	Sole	Negotiated
09/15/2005	Roseville, City of	21,720,000	Co	Negotiated
09/14/2005	Santa Ana Unified School District	11,785,000	Sole	Negotiated
09/01/2005	Piedmont, City of	668,420	Sole	Negotiated
08/31/2005	Stockton Public Financing Authority	16,680,000	Co	Negotiated
08/31/2005	Stockton Public Financing Authority	1,355,000	Co	Negotiated
08/25/2005	Temecula Valley Unified School District	12,940,000	Sole	Negotiated
08/24/2005	Roseville, City of	57,905,000	Co	Negotiated
08/24/2005	Temecula Public Financing Authority	3,865,000	Sole	Negotiated
08/18/2005	Fontana Public Financing Authority	28,020,000	Sole	Negotiated
08/18/2005	Fontana Public Financing Authority	2,885,000	Sole	Negotiated
08/17/2005	Eastern Municipal Water District	4,700,000	Sole	Negotiated
08/10/2005	Oxnard Financing Authority	2,355,000	Sole	Negotiated
08/10/2005	Oxnard Financing Authority	5,180,000	Sole	Negotiated
08/09/2005	Vacaville, City of	6,755,000	Sole	Negotiated
08/04/2005	Seal Beach, City of	3,985,000	Sole	Negotiated
08/04/2005	Victorville, City of	3,245,000	Sole	Negotiated
08/04/2005	Cathedral City, City of	33,847,337	Sole	Negotiated
08/04/2005	Roseville, City of	37,350,000	Lead	Negotiated
08/03/2005	Menifee Union School District	4,480,000	Sole	Negotiated
08/02/2005	Palmdale, City of	8,675,000	Sole	Negotiated
08/02/2005	Palmdale, City of	3,436,684	PA	PrivatePlacement
08/02/2005	Palmdale, City of	1,460,000	PA	PrivatePlacement

City of Lodi Water Treatment Plant Financing

07/29/2005	Stockton, City of	28,350,000	Lead	Negotiated
07/28/2005	Victorville, City of	7,935,000	Sole	Negotiated
07/26/2005	San Francisco Redevelopment Agency	15,160,000	Lead	Negotiated
07/26/2005	San Francisco Redevelopment Agency	5,708,939	Lead	Negotiated
07/21/2005	Fremont, City of	38,000,000	Sole	Negotiated
07/20/2005	Long Beach Bond Finance Authority	2,100,000	Sole	Negotiated
07/19/2005	Rancho California Water District	15,370,000	Sole	Negotiated
07/19/2005	Rancho California Water District	5,125,000	Sole	Negotiated
07/14/2005	Menifee Union School District	2,580,000	Sole	Negotiated
07/12/2005	Palm Springs, City of	3,806,000	Sole	Negotiated
06/28/2005	Bakersfield, City of	3,380,000	Sole	Negotiated
06/23/2005	San Jacinto Unified School District	1,800,000	Sole	Negotiated
06/16/2005	Poway Unified School District	9,035,000	Sole	Negotiated
06/16/2005	Poway Unified School District	13,475,000	Sole	Negotiated
06/09/2005	San Jacinto Unified School District	3,675,000	Sole	Negotiated
06/09/2005	Murrieta Valley Unified School District	2,880,000	Sole	Negotiated
06/08/2005	Sacramento, City of	35,460,000	Sole	Negotiated
06/01/2005	Rocklin, City of	25,000,000	Sole	Negotiated
05/25/2005	Romoland School District	5,935,000	Sole	Negotiated
05/12/2005	Hesperia Unified School District	1,565,000	Sole	Negotiated
05/12/2005	Vacaville, City of	7,275,000	Sole	Negotiated
05/12/2005	Sacramento, County of	11,525,000	Sole	Negotiated
04/28/2005	Fullerton Joint Union HSD	2,050,000	Sole	Negotiated
04/20/2005	San Francisco Redevelopment Agency	34,500,000	Lead	Negotiated
04/20/2005	Menifee Union School District	2,460,000	Sole	Negotiated
04/06/2005	Etiwanda School District	6,815,000	Sole	Negotiated
03/24/2005	Etiwanda School District	10,000,000	Sole	Negotiated
03/24/2005	Lake Elsinore Unified School District	9,645,000	Sole	Negotiated
03/10/2005	Sweetwater Union HSD PFA	15,180,000	Lead	Competitive
03/01/2005	Temecula Valley Unified School District	11,000,000	Sole	Negotiated
02/23/2005	Palmdale, City of	28,500,000	Lead	Negotiated
02/17/2005	Simi Valley, City of	8,800,000	Sole	Negotiated
02/17/2005	Carlsbad, City of	33,085,000	Sole	Negotiated
02/03/2005	Menifee Union School District	2,315,000	Sole	Negotiated
02/01/2005	Orange, County of	75,645,000	Co	Negotiated
01/27/2005	Menifee Union School District	4,160,000	Sole	Negotiated
01/27/2005	Saugus Union School District	3,810,000	Sole	Negotiated
01/27/2005	William S. Hart Union HSD	5,690,000	Sole	Negotiated
01/26/2005	Rio Vista, City of	15,585,000	Sole	Negotiated

239 Transactions Totaling \$3.3 Billion Par Value

RESOLUTION NO. 2009-_____

A RESOLUTION OF THE LODI CITY COUNCIL DECLARING ITS
INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM
PROCEEDS OF INDEBTEDNESS

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WHEREAS, the City intends to design and construct a surface water treatment plant and related appurtenances (the "Project"), and

WHEREAS, the City expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project prior to the issuance of bonded indebtedness for the purpose of financing costs associated with the Project; and

WHEREAS, the City reasonably expects that debt obligations will be issued in connection with the project and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures, and

WHEREAS, proceeds of such debt obligations will be allocated to reimburse expenditures no later than 18 months after the later of (i) the date the cost is paid, or (ii) the date the Project is placed in service or abandoned (but in no event more than three years after the cost is paid).

NOW, THEREFORE, BE IT RESOLVED by the Lodi City Council as follows:

Section 1. The City finds and determines that the foregoing recitals are true and correct.

Section 2. The City hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

Section 3. This declaration is made solely for the purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 4. This resolution shall take effect from and after its adoption.

Dated: December 16, 2009

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I hereby certify that Resolution No. 2009-_____ as passed and adopted by the City Council of the City of Lodi in a regular meeting held December 16, 2009, by the following votes:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

2009-_____



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Receive Advisory Water and Wastewater Usage-Based Rates for the Purpose of Research and Customer Comparison

MEETING DATE: December 16, 2009

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Receive advisory water and wastewater usage-based rates for the purpose of research and customer comparison.

BACKGROUND INFORMATION: As a result of a series of actions by the City Council, a program is in place to install residential water meters throughout the community by the end of 2013. Assembly Bill 2572, adopted in 2004, requires that metered services installed since 1992 begin receiving usage-based water utility bills by January 2011. The City currently provides water and wastewater service to approximately 16,600 single-family residences.

As the City begins the transition from flat rates to usage-based rates, we want to provide comparative utility bill information in advance of January 2011. The water and wastewater rates presented in Exhibits A and B, respectively, are presented as the probable rate structure of the future. However, no billing at this time will occur from the proposed rates. These rates will be subject to the annual indexing increase and other rate increases previously approved by the City Council. Final water and wastewater rates will be recommended for approval in summer 2010 and will be subject to Proposition 218 requirements.

The recommended advisory water and wastewater rates are intended to be revenue neutral. That is, the annual revenue generated from the new rates, in aggregate, should generate the same overall level of income as the current rates. The rates have been developed using data collected from the approximately 2,950 installed water meters, which is about 15 percent of the total meters to be installed. Individual descriptions of the water and wastewater rate structures are provided below.

Water Utility Rate Structure. Based upon the water-usage data collected from single-family homes with meters, single-family customers use an average of 22 hundred cubic feet (CCF) per month, or around 16,500 gallons per month. Monthly water usage varies throughout the year, commensurate with irrigation demands. Water use varies significantly from one customer to the next for a variety of reasons, including but not limited to lot size, household size, type of landscaping, types of water-using appliances, and personal habits and practices. For rate analyses purposes, it is assumed that the average monthly single-family water usage will decrease by about 10 percent (to 20 CCF per month) once metered billing begins. The rate analysis focused upon generating an equivalent to current revenue, and the recommended water rate structure is presented in Exhibit A. The water rate consists of a base charge and a progressive three-tiered commodity charge structure. The weighted average commodity rate is \$1.11 per CCF. All existing rate components are to be consolidated into the fixed service charge and water usage rates.

APPROVED: _____
Blair King, City Manager

The City has an existing usage-based rate structure for non-residential customers, and it is recommended that rate structure be maintained for those non-residential accounts for the time being. This structure includes a monthly base charge referenced to the meter size and a commodity charge of \$0.537 per CCF as presented in Exhibit C. It needs to be noted that the non-residential commodity charge is approximately one-half of the weighted average residential commodity charge (\$.537 versus \$1.11 per CCF) and that future work will need to be done to amend the non-residential rate structure to make it more comparable to the residential commodity charge rate. Both the base charge and commodity charge are likely to be increased.

Exhibit A presents the recommended monthly charge composed of a fixed monthly service charge and a three-tier water rate structure for single-family customers. The fixed service charge will vary by meter size, but to date only ¾-inch meters have been installed at single-family residences. A tiered structure will encourage water conservation while still reflecting cost-of-service requirements. The first tier would include the first 10 CCF of monthly water use, the second tier would include the next 40 CCF of monthly water use, and third tier would include all water use in excess of 50 CCF. The rates have been structured to capture 50 percent of the revenue through the fixed-service charge component and 50 percent through the usage component.

A single-family residential unit that is vacant (zero water usage) would be charged the minimum monthly fixed service charge of \$22.25. With the new meters in place, it will be possible to lock a water service off, and the Council may wish to have staff research options for a “no service” minimum monthly charge.

The advisory water rate structure, like the current wastewater rate structure, is not broken into components (i.e., infrastructure replacement, PCE/TCE cleanup), but those programs are funded to the levels previously established by City Council.

Exhibit D presents examples of how customers may be impacted by the change from a flat rate based on the number of bedrooms compared to the usage-based rate. Monthly water bills under the flat rates are compared with a range of usage (low, medium and high) associated with each home size. In Lodi, 96 percent of single-family homes have either two, three or four bedrooms. The statistical database from the meters in place today include very few one-, five- and six-bedroom homes and, for those types of homes, we have estimated the low, medium and high water usage (*italicized in the table*) to calculate the comparisons.

Wastewater Utility Rate Structure. The rate structure for the wastewater system will establish a linkage between winter water usage and the fixed monthly charge (July through June) for each single-family wastewater account. Winter water usage is representative of indoor water usage (irrigation systems are normally turned off in winter), and it is reasonable to assume that water usage in winter months is reflective of wastewater flow contributions.

The wastewater rate structure establishes a fixed monthly charge each year based upon the prior winter's water usage and the current rate schedule. The fixed monthly charge includes a fixed service charge component and usage-based charge that varies for each customer based upon winter water usage. The fixed service charge does not vary with meter size because variation in single-family meter sizes is generally due to irrigation demands or fire suppression requirements, not upon wastewater demands.

The recommended wastewater rate schedule is presented in Exhibit B. The rates have been structured to capture 50 percent of the revenue through the fixed service charge component and 50 percent through the usage component. The recommended rates set a monthly fixed service charge of \$18.95 and a usage charge of \$2.15 per CCF for each unit of usage. In July of each year, the wastewater rate for each account for the coming year will be reset based upon usage the prior December through February and the annual indexed rate adjustment will applied, as approved by City Council.

A single-family residential unit that is vacant (zero water usage) would be charged the minimum monthly fixed service charge of \$18.95.

Exhibit E presents examples of how customers may be impacted by the change from a flat rate based on the number of bedrooms to the usage-based approach, which considers winter water usage as the measure of sewer flow. Monthly wastewater bills under the flat rates are compared with a range of usage associated with each home size. In Lodi, 96 percent of single-family homes have either two, three or four bedrooms. The statistical data base from the meters in place today include very few one-, five- and six-bedroom homes and, for those types of homes, we have estimated the low, medium, and high winter usage (*italicized in the table*) to calculate the comparisons.

Some customers will pay more and others less, but the equity between accounts is improved because the amount of the wastewater bill will be tied to usage and not bedroom count. Also, customers will be able to influence their wastewater bill by limiting water usage December through February.

Acting to approve the advisory water and wastewater rates will facilitate an important element of the public outreach for the water meter program to inform customers of the pending changes to the utility rate structures.

FISCAL IMPACT: None at this time. The rates are advisory only.

FUNDING AVAILABLE: There are no costs associated with adoption of advisory rates.

F. Wally Sandelin
Public Works Director

FWS/pmf

Attachments

**PROPOSED ADVISORY RESIDENTIAL WATER RATES
FOR COMPARATIVE BILLING PURPOSES ^{(1) (2)}**

Monthly Fixed Service Charge		
Up to ¾" meter		\$22.25
1" meter		\$36.15
1 ½" meter		\$70.60
2" meter		\$112.10
Water Usage Rates		
Tier 1	0-10 CCF per month	\$0.86 / CCF
Tier 2	11-50 CCF per month	\$1.29 / CCF
Tier 3	> 50 CCF per month	\$1.71 / CCF

Notes:

- ⁽¹⁾ Estimated to be revenue neutral relative to current water rates implemented in July 2008.
- ⁽²⁾ All existing rate components are to be consolidated into the fixed service charge and water usage rates.

**PROPOSED ADVISORY RESIDENTIAL WASTEWATER RATES
FOR COMPARATIVE BILLING PURPOSES ⁽¹⁾**

Monthly Fixed Service Charge	\$18.95
Wastewater Flow Charge Based on Winter Water Usage ⁽²⁾	\$2.15 / CCF
Monthly Wastewater Bills Winter Water Use (CCF)	
0	\$18.95
1	\$21.10
2	\$23.25
3	\$25.40
4	\$27.55
5	\$29.70
6	\$31.85
7	\$34.00
8	\$36.15
9	\$38.30
10	\$40.45
11	\$42.60
12	\$44.75
13	\$46.90
14	\$49.05
15	\$51.20
16	\$53.35
17	\$55.50
18	\$57.65
19	\$59.80
20	\$61.95

Notes:

- ⁽¹⁾ Estimated to be revenue neutral relative to the wastewater rates implemented in July 2009.
- ⁽²⁾ Winter water usage determined as average monthly usage from December through February.

EXISTING COMMERCIAL/INDUSTRIAL WATER RATES

Commercial/Industrial Flat Rate	
Monthly Base Charge:	
¾" Meter	\$11.43
1" Meter	\$17.14
1 ½" Meter	\$22.85
2" Meter	\$28.58
3" Meter	\$40.00
4" Meter	\$51.43
6" Meter	\$74.29
8" Meter	\$97.16
10" Meter	n/a
Water Usage Rates	
Metered Rate	\$0.537 / CCF Approx. \$0.70 per 1,000 gallons

**COMPARISON OF TYPICAL WATER BILLS
UNDER EXISTING AND PROPOSED WATER RATE STRUCTURES**

		1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5 Bdrm	6 Bdrm
Number of Single Family Dwellings		540	4,427	9,448	1,926	260	16
Percent of Single Family Dwellings		3.2%	27.0%	57.0%	12.0%	1.6%	0.1%
		MONTHLY WATER BILL WITH CURRENT RATES					
		\$27.98	\$33.61	\$40.28	\$48.40	\$58.06	\$69.67
		MONTHLY WATER BILL WITH PROPOSED RATES ⁽⁴⁾					
Low Volume User ⁽¹⁾	Water Use (CCF)	4	5	6	7	9	12
	Monthly Bill	\$25.68	\$26.54	\$27.39	\$28.25	\$29.96	\$33.39
Median Volume User ⁽²⁾	Water Use (CCF)	14	16	18	20	24	30
	Monthly Bill	\$35.96	\$38.53	\$41.11	\$43.68	\$48.82	\$56.53
High Volume User ⁽³⁾	Water Use (CCF)	30	35	38	40	45	50
	Monthly Bill	\$56.53	\$62.96	\$66.82	\$69.39	\$75.82	\$82.24

Notes:

- ⁽¹⁾ Low volume use defined as 10th percentile for specified home size.
⁽²⁾ Median volume use defined as 50th percentile for specified home size.
⁽³⁾ High volume use defined as 90th percentile for specified home size.
⁽⁴⁾ Amounts shown in italics are estimates. Insufficient data are available for statistical analysis.

**COMPARISON OF TYPICAL WASTEWATER BILLS
UNDER EXISTING AND PROPOSED WASTEWATER RATE STRUCTURES FOR 2010**

		1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5 Bdrm	6 Bdrm
Number of Single Family Dwellings		540	4,427	9,448	1,926	260	16
Percent of Single Family Dwellings		3.2%	27.0%	57.0%	12.0%	1.6%	0.1%
		MONTHLY WASTEWATER BILL WITH CURRENT RATES					
		\$20.81	\$27.74	\$34.68	\$41.61	\$48.55	\$55.48
		MONTHLY WASTEWATER BILL WITH PROPOSED RATES ⁽⁴⁾					
Low Volume User ⁽¹⁾	Winter Use (CCF)	2	3	3	4	4	5
	Monthly Bill	\$23.25	\$25.40	\$25.40	\$27.55	\$27.55	\$29.70
Median Volume User ⁽²⁾	Winter Use (CCF)	4	7	7	8	8	9
	Monthly Bill	\$27.55	\$34.00	\$34.00	\$36.15	\$36.15	\$38.30
High Volume User ⁽³⁾	Winter Use (CCF)	8	13	14	16	17	18
	Monthly Bill	\$36.15	\$46.90	\$49.05	\$53.35	\$55.50	\$57.65

Notes:

- ⁽¹⁾ Low volume use defined as 10th percentile for specified home size.
⁽²⁾ Median volume use defined as 50th percentile for specified home size.
⁽³⁾ High volume use defined as 90th percentile for specified home size.
⁽⁴⁾ Amounts shown in italics are estimates. Insufficient data are available for statistical analysis.



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Authorize the City Manager to Communicate with the California Energy Commission with Regard to the Removal of Condition VIS-2 Requiring a Rapid Growth Tree Landscape Buffer for the Lodi Energy Center Project

MEETING DATE: December 16, 2009

PREPARED BY: City Manager

RECOMMENDED ACTION: Authorize the City Manager to communicate with the California Energy Commission to request the removal of Condition VIS-2 requiring planting of fast-growing evergreens and other vegetation for the Lodi Energy Center.

BACKGROUND INFORMATION: The Northern California Power Association (NCPA) has brought to staff's attention that The California Energy Commission is considering imposing a condition upon the Lodi Energy Center Project that would require the planting of a rapid growth tree landscape buffer. Although Lodi generally supports landscaping and screening conditions, City staff has several concerns with the proposed condition as it applies to this specific location.

As Council is aware, a significant portion of the view shed the CEC condition proposes to protect will border a potential solar farm planned by the City of Lodi. Trees along that buffer would cast shade upon the solar panels and significantly reduce their efficiency. Moreover, a significant City goal in constructing the solar farm is to market Lodi as a green technology-friendly city to potential employers looking for business sites in the green technology sector. A landscape buffer would reduce or eliminate the visibility of the solar farm from I-5, thus, significantly impacting its potential to achieve the intended marketing effect.

For the above reasons, staff recommends Council authorize the City Manager to send a letter to the California Energy Commission supporting NCPA's efforts to remove condition VIS-2.

The condition as stated in the CEC staff report is as follows:

VIS-2 To screen the project from Interstate 5 and the White Slough Recreational Area, the project owner shall provide landscaping that reduces the visibility of the power plant structures and complies with local policies and ordinances. Trees and other vegetation consisting of informal groupings of fast-growing evergreens shall be strategically placed and of sufficient density and height to effectively blend in with any existing landscaping as well as screen the power plant structures within the shortest feasible time.

APPROVED: _____
Blair King, City Manager

The landscaping shall comply with ordinances of the County of San Joaquin Community Development Department and the City of Lodi Community Development Department pertaining to preservation of scenic views of selected highways, corridors, and recreational areas; enhancement of the aesthetic quality of major streets and public/civic areas; and upgrading and enhancement of industrial areas.

The project owner shall maintain the landscaping for the life of the project, including providing any needed irrigation, removing debris on an annual or semi-annual basis, and replacing dead or dying vegetation.

- The project owner shall submit to the CPM for review and approval and simultaneously to [specify local agency] for review and comment a landscaping plan whose proper implementation will satisfy these requirements.
- The project owner shall not implement the plan until the project owner receives approval from the CPM.

Verification: The landscaping plan shall be submitted to the CPM for review and approval and simultaneously to the County of San Joaquin Community Development Department and the City of Lodi Community Development Department for review and comment at least 60 days prior to installing the landscaping.

FISCAL IMPACT: Financial impacts related to this action concern the financial viability of a solar field and the loss of alternative energy. From a broader perspective, Lodi benefits financially in a variety of different ways including electric rates, lease revenues (\$60,310), water sales (\$960,000), and one-time sales tax (\$1,400,000) from the Lodi Energy Center Project.

Blair King, City Manager



CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Authorize City Manager to Execute an Addendum to the 2007-2011 Memorandum of Understanding Between the City of Lodi and the Police Officers Association of Lodi Bargaining Unit.

MEETING DATE: December 16, 2009

SUBMITTED BY: Human Resources Manager

RECOMMENDED ACTION: Authorize City Manager to execute an addendum to the 2007-2011 Memorandum of Understanding between the City of Lodi and the Police Officers Association of Lodi Bargaining Unit.

BACKGROUND INFORMATION: This agreement modifies the existing Memorandum of Understanding (MOU) between the City and the Police Officers Association of Lodi (POA). The current MOU is effective October 9, 2007 through October 8, 2011. Certain provisions of the existing MOU are subject to "reopening" if General Fund revenues did not increase by at least one percent from June 30, 2008 to June 30, 2009. Since revenues did not increase negotiations were reopened with regard to salary and benefits.

Through subsequent negotiations, the City and the POA have reached a tentative agreement on the contract Addendum as detailed in Appendix A. Other than a slight increase in tuition reimbursement, the Addendum represents agreements on non-economic items.

FISCAL IMPACT: Annual cost approximately \$1,500 (attributed to tuition reimbursement).

FUNDING AVAILABLE: Increased costs will be absorbed within existing appropriations of the Police Department.

Respectfully submitted,

Jordan Ayers
Deputy City Manager/Internal Services Director

Dean Gualco
Human Resources Manager

APPROVED: _____
Blair King, City Manager

ADDENDUM TO THE POLICE OFFICERS ASSOCIATION OF LODI MOU

Whereas, the City of Lodi and the Police Officers Association of Lodi are parties to a Memorandum of Understanding (MOU) effective through October 8, 2011; and

Whereas, the parties desire to enter into this Addendum to modify the MOU; and

NOW, THEREFORE, BE IT RESOLVED the parties agree as follows:

Section	Amended Language
Hours of Work (2.4)	Eliminate reference to specific Graveyard hours set forth in parenthesis; contradicts with Section 2.3.
Uniform Allowance (17.1)	Pay uniform allowances bi-weekly.
Holiday Leave (22.2)	Allow Holiday Leave to be taken in hourly, rather than daily, increments.
Medical Fringe (34.1)	Allow employees to choose between deferred compensation or cash when declining the City's medical insurance benefit.
Tuition Reimbursement (40.2)	<p>Increase tuition reimbursement to \$3,000 per fiscal year (including books).</p> <p>Change Tuition Reimbursement language to state: "Reimbursement subject to a grade of "C" or higher. No pass/fail course grades will be accepted. College must be accredited from one of the eight regional accredited associations below:</p> <ul style="list-style-type: none"> ▪ Middle States Association of Colleges and Schools Middle States Commission on Higher Education ▪ New England Association of Schools and Colleges Commission on Institutions of Higher Education ▪ New England Association of Schools and Colleges Commission on Technical and Career Institutions ▪ North Central Association of Colleges and Schools The Higher Learning Commission ▪ Northwest Commission on Colleges and Universities ▪ Southern Association of Colleges and Schools Commission on Colleges ▪ Western Association of Schools and Colleges, Accrediting Commission for Community and Junior Colleges ▪ Western Association of Schools and Colleges, Accrediting Commission for Senior Colleges and Universities

This Addendum shall not become effective until approved by the Lodi City Council.

CITY OF LODI,

Police Officers Association

Blair King, City Manager

BY _____
Scott Bratton, President

Dean Gualco, Human Resources Manager

ATTEST:

RANDI JOHL, J.D., City Clerk

D. STEPHEN SCHWABAUER, City Attorney



TM

CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Reorganization of the Following Agency Meetings for the Purpose of Electing New Officers:

- Lodi Public Improvement Corporation
- Industrial Development Authority
- Lodi Financing Corporation
- City of Lodi Redevelopment Agency

MEETING DATE: December 16, 2009

PREPARED BY: City Clerk

RECOMMENDED ACTION: Conduct meetings of the following agencies for the purpose of electing new officers and adopt resolutions certifying the same.

- Lodi Public Improvement Corporation
- Industrial Development Authority
- Lodi Financing Corporation
- City of Lodi Redevelopment Agency

BACKGROUND INFORMATION: In light of the City Council reorganization, it is necessary to appoint new officers to the above listed agencies.

The City Council will appoint the newly elected Mayor and Mayor Pro Tempore as determined in the Council's reorganization to serve as the officers for each of these agencies for calendar year 2010.

There is no other business to come before the agencies at this meeting.

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Randi Johl
City Clerk/Secretary

RJ/JMR

APPROVED: _____
Blair King, City Manager

RESOLUTION NO. LPIC2009-01

A RESOLUTION ELECTING OFFICERS OF THE
LODI PUBLIC IMPROVEMENT CORPORATION

=====

WHEREAS, under the organizational procedures of the Lodi Public Improvement Corporation, an annual meeting of Directors shall be held and officers elected.

NOW, THEREFORE, BE IT RESOLVED by the Directors of the Lodi Public Improvement Corporation that the following persons are elected to the offices set forth opposite their names below as officers of the Corporation, to serve until the election and qualification of their successors as provided in Article III, Section 2, of the bylaws of the Corporation:

<u>Name</u>	<u>Title</u>
Phil Katzakian	President
Susan Hitchcock	Vice President
Jordan V. Ayers	Treasurer
Randi Johl	Secretary

Dated: December 16, 2009

=====

I hereby certify that Resolution No. LPIC2009-01 was passed and adopted by the Board of Directors of the Lodi Public Improvement Corporation in a regular meeting held December 16, 2009, by the following vote:

AYES: DIRECTORS –

NOES: DIRECTORS –

ABSENT: DIRECTORS –

ABSTAIN: DIRECTORS –

RANDI JOHL
Secretary

LPIC2009-01

RESOLUTION NO. IDA-31

A RESOLUTION OF THE INDUSTRIAL
DEVELOPMENT AUTHORITY AMENDING
RESOLUTION NO. IDA-30 BY ELECTING
NEW OFFICERS

=====

RESOLVED by the Industrial Development Authority that Industrial Development Authority Resolution No. IDA-30 is hereby amended by electing new officers, as follows:

SECTION 1: There shall be appointed from the Board of Directors a Chairperson and Vice Chairperson as follows:

Chairperson: Phil Katzakian

Vice Chairperson: Susan Hitchcock

SECTION 2: There shall be appointed from the staff to the Authority, a Secretary and Treasurer, as follows:

Secretary: Randi Johl

Treasurer: Jordan V. Ayers

SECTION 3: This Resolution shall take effect immediately upon its passage.

=====

Approved and adopted December 16, 2009, by the following vote:

AYES: AUTHORIZING MEMBERS –

NOES: AUTHORIZING MEMBERS –

ABSENT: AUTHORIZING MEMBERS –

ABSTAIN: AUTHORIZING MEMBERS –

PHIL KATZAKIAN
Chairperson, Industrial Development
Authority, City of Lodi, California

Attest:

RANDI JOHL, Secretary
Industrial Development Authority,
City of Lodi, California

RESOLUTION NO. LFC-19

A RESOLUTION ELECTING OFFICERS OF THE
LODI FINANCING CORPORATION

=====

WHEREAS, under the organizational procedures of the Lodi Financing Corporation, an annual meeting of Directors shall be held and officers elected.

NOW, THEREFORE, BE IT RESOLVED by the Directors of the Lodi Financing Corporation that the following persons are elected to the offices set forth opposite their names below as officers of the Corporation, to serve until the election and qualification of their successors as provided in Article III, Section 303, of the bylaws of the Corporation:

<u>Name</u>	<u>Title</u>
Phil Katzakian	President
Susan Hitchcock	Vice President
Jordan V. Ayers	Treasurer
Randi Johl	Secretary

Dated: December 16, 2009

=====

I hereby certify that Resolution No. LFC-19 was passed and adopted by the Board of Directors of the Lodi Financing Corporation in a regular meeting held December 16, 2009, by the following vote:

AYES: DIRECTORS –

NOES: DIRECTORS –

ABSENT: DIRECTORS –

ABSTAIN: DIRECTORS –

RANDI JOHL
Secretary

RESOLUTION NO. RDA2009-01

A RESOLUTION OF THE REDEVELOPMENT AGENCY
OF THE CITY OF LODI ELECTING OFFICERS OF SAID
AGENCY AND WAIVING COMPENSATION FOR THE
DECEMBER 16, 2009, MEETING

WHEREAS, under the organizational procedures of the Redevelopment Agency of the City of Lodi, an annual meeting of Members shall be held and officers elected.

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF LODI DOES HEREBY RESOLVE that the following persons are elected to the offices set forth opposite their names below as officers of the Agency, to serve until the election and qualification of their successors as provided in Article II of the bylaws of the Agency:

<u>Name</u>	<u>Title</u>
Phil Katzakian	Chairperson
Susan Hitchcock	Vice Chairperson
Blair King	Executive Director
Randi Johl	Secretary
Jordan V. Ayers	Finance Director
D. Stephen Schwabauer	General Counsel

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF LODI DOES FURTHER RESOLVE that the members of the Agency have waived the entitled compensation for the December 16, 2009, meeting.

Dated: December 16, 2009

I hereby certify that Resolution No. RDA2009-01 was passed and adopted by the Members of the Redevelopment Agency of the City of Lodi in a regular meeting held December 16, 2009, by the following vote:

AYES: MEMBERS –
NOES: MEMBERS –
ABSENT: MEMBERS –
ABSTAIN: MEMBERS –

PHIL KATZAKIAN
Chairperson, City of Lodi
Redevelopment Agency

Attest:

RANDI JOHL
Secretary, City of Lodi Redevelopment Agency